

**Skyscape Capital Inc.**  
**Management Discussion and Analysis**  
**For the Period Ended September 30, 2018**

**November 22, 2018**

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Skyscape Capital Inc. (the “Corporation” or “Skyscape” for the period from incorporation (January 9, 2018) to September 30, 2018) should be read in conjunction with the Corporation’s unaudited condensed interim financial statements for the from incorporation (January 9, 2018) to September 30, 2018. All figures contained in this MD&A are presented in Canadian dollars.

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

**The Corporation**

Skyscape Capital Inc. was incorporated under the Business Corporations Act (Ontario) on January 9, 2018 and is classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual (the “Manual”). The head office and the registered head office of the Company is located 77 King Street West, Suite 700, Toronto ON M5K 1G8. The Company’s common shares commenced trading on the Exchange under the trading symbol “SKY.P” on March 6, 2018.

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash held in trust. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

On March 6, 2018, the Company completed its initial public offering (the "Offering") of 1,000,000 common shares at a purchase price of \$0.50 per common share for aggregate gross proceeds of \$500,000. Cannacord Genuity Corp. (the "Agent") acted as the agent for the Offering. In connection with the Offering, the Company granted to the Agent 100,000 compensation warrants (the "Agent's Warrants"). Each Agent's Warrant is exercisable to acquire one common share at a price of \$0.50 for a period of 24 months from the date the Company's common shares were listed on the Exchange, exercisable at \$0.50 per share.

Concurrently with the completion of the Offering, the Company granted 200,000 stock options to its directors and officers at an exercise price of \$0.50 per share for a period of five years from the grant date.

On June 19, 2018, the Company announced that it had entered into a non-binding letter of intent dated June 8, 2018 with Salida Energy Inc. which outlines the general terms and conditions of a proposed transaction will result in Skyscape acquiring all of the issued and outstanding shares of Salida in exchange for shares of Skyscape. The Proposed Transaction is currently expected to be completed by way of a three cornered amalgamation between Skyscape and Salida or other similar transaction which will result in Salida becoming a wholly-owned subsidiary of Skyscape.

On November 22, 2018 the Board of Directors approved the unaudited condensed interim financial statements for the three and nine month periods from incorporation (January 9, 2018) to September 30, 2018.

#### Summary of Quarterly Results

	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>
Total Assets	\$536,137	\$581,776	\$613,753
Total Revenues	nil	nil	nil
Total Expenses	\$40,331	\$28,188	\$162,523
Net Loss	\$(40,331)	\$(28,188)	\$(162,523)
Basic and diluted net loss per share	\$(0.04)	\$(0.04)	\$(0.53)

## Results of Operations

### Three month period ended September 30, 2018

The Corporation recorded a net loss of \$40,331 during the three month period ended September 30, 2018. The net loss for the three-month period ended September 30, 2018 is due mainly to costs in relation to its listing on the Exchange as well as professional fees.

### From the date of incorporation (January 9, 2018) to September 30, 2018

The Corporation recorded a net loss of \$231,042 from the date of incorporation (January 9, 2018) to September 30, 2018. The net lost for this period is due mainly to costs in relation to its listing on the Exchange as well as professional fees and share-based compensation.

## Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred from the date of incorporation (January 9, 2018) to September 30, 2018:

Material Costs	Period from the date of incorporation (January 9, 2018) to September 30, 2018:
Professional fees	\$126,233
Filing fees	\$29,890
Stock-based compensation	\$74,919

## Liquidity and Capital Resources

As at September 30, 2018, the Corporation had cash of \$536,137. The Corporation had current liabilities of \$14,462 and working capital of \$521,675.

Negative cash flows of \$141,661 were recorded from operating activities during the period ended September 30, 2018. This is primarily due to outflows relating to filing fees and professional fees. Positive cash flows of \$677,798 were recorded from financing activities during the period from incorporation (January 9, 2018) to September 30, 2018 due to the initial public offering, net of cash share issuance costs.

## Outstanding Share Data

As of the date of this MD&A, 2,000,000 common shares are issued and outstanding. Of these, 1,000,000 shares are held in escrow in accordance with Exchange regulations.

As of the date of this MD&A, following the Offering, there are 200,000 stock options outstanding, exercisable at \$0.50 per share, expiring on March 6, 2023 and 100,000 Agent's Options outstanding, exercisable at \$0.50 per share, expiring on March 6, 2020.

The Corporation's common shares commenced trading on the TSX Venture Exchange under the trading symbol "SKY.P" on March 6, 2018.

## Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

### **Related Party Transactions**

During the period from incorporation (January 9, 2018) until September 30, 2018 the Company incurred legal fees of approximately \$95,528 for services provided by a law firm whose partner is an officer of the Company. As at September 30, 2018, \$12,683 is included in accrued liabilities for these services.

On March 6, 2018, the Company granted 200,000 options to directors and officers. The value attributed to these options was \$74,919.

### **Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

### **Risks and Uncertainties**

The following describe certain risks, events and uncertainties that could affect the Company and that each reader should carefully consider. Please refer to the Company's final prospectus dated February 20, 2018 for additional risks, events and uncertainties that could affect the Company.

External financing may be required to fund the Company's activities primarily through the issuance of common shares. There can be no assurance that the Company will be able to obtain adequate financing. The securities of the Company should be considered a highly speculative investment.

The Company has not generated significant revenues and does not expect to generate significant revenues in the near future. In the event that the Company generates significant revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

### **Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and due to shareholder approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial

instruments.

**Additional Information**

For further detail, see the Corporation's unaudited condensed interim financial statements for the period ended September 30, 2018. Additional information about the Corporation can also be found on SEDAR.