WATERFRONT CAPITAL CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2018

Contact Information:

Waterfront Capital Corporation
2489 Bellevue Avenue
West Vancouver, BC
V7V 1E1
Phone: (604) 922-2030
Fax: (604) 922-2037
Contact Person: Mr. Clive Shallow

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's annual discussion and analysis ("MD&A"), prepared as of April 9, 2019. This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements and the accompanying notes for the year ended December 31, 2018, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company offers a range of financial and communications services to companies in various industry sectors. The Company often serves as a company's strategic partner through the entire corporate "life-cycle", providing independent expertise and business advisory services in connection with venture capital markets, investor relations, initial public offerings and secondary financings, mergers and acquisitions, public market administration, as well as, media and marketing advice. The Company's management has extensive financing and operating experience and assists promising companies that require infusions of capital, management and restructuring to realize the value of their underlying business.

The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol WFG.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the period ended December 31, 2018 and for the subsequent period to the report date hereof:

- On March 18, 2019, the Company announced that it has entered into a letter of intent (the "LOI") dated March 5, 2019 with Whistler Water Inc. ("Whistler Water") providing for the reverse takeover of the Company by Whistler Water (the "Transaction"). The Transaction is an arm's length transaction. It is anticipated that following the Transaction the resulting entity (the "Resulting Entity") will be reclassified as a Tier 1 industrial issuer on the TSX Venture Exchange (the "Exchange" or "TSX-V").

  Following completion of the proposed Transaction, the Resulting Entity will hold all of the assets and continue the business of Whistler Water under the same operating management.

  About Whistler Water
  Founded in 1991, Whistler Water has produced award winning, 100% pure Canadian glacial spring water for over 25 years. Whistler Water is available in convenient sizes from single serve bottles through 4 Litre bulk water offerings. Whistler Water products, characterized by naturally occurring neutral pH of 7.2, zero turbidity and low deuterium content, are produced under strict quality control systems that guarantee the water stays that way from source to bottle. Whistler Water's team of experts and state-of-the-art production line based in Burnaby, British Columbia ensures that Whistler Water consistently and efficiently produces the best water. Products can be purchased in store or through Whistler Water's delivery system on Amazon.ca/Amazon.com in Canada and the United States. The Whistler Water team of dedicated glacial water enthusiasts is passionate about providing the world's most pristine glacial water and contributing to the health of all people. In addition to the sales of its own Whistler Water products, Whistler Water also currently generates revenues from its private label and co-packing business with a number of leading retailers and brands.

  The Transaction
  The LOI provides that the Company and Whistler Water will negotiate and enter into a definitive agreement respecting the Transaction (the "Definitive Agreement"), pursuant to which Waterfront Capital will acquire all of the issued and outstanding shares of Whistler Water in exchange for such number of common shares of Waterfront Capital as is based on a third party valuation of Whistler Water to be conducted shortly (the "Valuation"). The common shares of the Resulting Entity will therefore be principally owned by the existing shareholders of Whistler Water.

  In connection with the Transaction, Waterfront Capital also intends to complete a concurrent equity financing (the "Financing") on a best efforts basis for gross proceeds of up to $4,000,000. The proceeds from the Financing will be used to expand Whistler Water's business and for key hiring's, facility upgrades and for working capital purposes.

  Closing of the Transaction will be subject to the following conditions:
  (a) entry into of the Definitive Agreement; (b) completion of satisfactory due diligence by each of Waterfront Capital and Whistler Water; (c) approval of the Waterfront Capital shareholders, if required (see below), together with any requisite minority shareholder approvals; (d) receipt of an independent formal valuation report supporting the Valuation; (e) closing of the Financing; (f) satisfaction of all initial listing requirements of the Exchange and all related requirements under the policies of the Exchange; (g) receipt of all required regulatory approvals, consents, permits, waivers, exemptions and orders; and (h) no breach of the obligations under the LOI or the Definitive Agreement.

  A finder's fee of 500,000 common shares of Waterfront Capital will be paid to an arm's length party for introducing Whistler Water and Waterfront Capital. Payment of the fee will be subject to completion of the Transaction.

  Principals and Insiders of Resulting Entity
  Herbert Q. He, CEO and Director of Resulting Entity and CEO of Whistler Water
  Herbert He, the current CEO of Whistler Water, will serve as CEO and a director of the Resulting Entity following the Transaction. Mr. He is a graduate from the Beijing Foreign Studies University in China in the 1980s and a law school graduate from the University of Windsor in Canada in the 1990s. As a licensed lawyer in China and Ontario, Canada, Mr. He has practiced business and commercial law and helped run business corporations in both countries.

Mr. He was a founding Senior Vice President and board member of what is now China's largest private education company, with a multi-billion-dollar market cap on NYSE.

The composition of the remainder of the Resulting Entity's board and senior leadership team will be determined at a later date and included in a subsequent news release.

Shareholder Approval

The Transaction is not a Related Party Transaction (as defined in the rules and policies of the Exchange), no circumstances exist which may compromise the independence of Waterfront Capital or the interested parties (in particular, Waterfront Capital's directors and senior officers) with respect to the Transaction, no aspect of the Transaction requires the approval of shareholders of Waterfront Capital under applicable corporation and securities legislation, the Company is without active operations and is listed on the NEX board of the Exchange, and the common shares of Waterfront Capital will resume trading on completion of the Transaction. As such, subject to the consent of the Exchange, Waterfront Capital will not seek shareholder approval to complete the Transaction. Furthermore, Waterfront Capital intends to apply for an exemption from the sponsorship requirements; however, there is no assurance that Waterfront Capital will obtain this exemption.

Trading in the Company's shares will remain halted throughout the Transaction and the Company will issue further press releases regarding the Transaction as information becomes available.

Completion of the transaction is subject to a number of conditions, including but not limited to, exchange acceptance and, if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

- On January 4, 2019, the Company announced that Mr. Corey Larricq has been appointed as a Director of the Company. Corey Larricq is a seasoned entrepreneur and business owner and brings years of expertise in business operations, management and business evaluation to the Waterfront Capital Board. As well, Mr. Larricq is an investor and active in the capital markets. Mr. Douglas Mason, Chief Executive Officer, states "We welcome Corey's years of business experience to the Waterfront Capital Board and I look forward to working with Corey as we pursue new business opportunities for the Company."

- December 10, 2018, the Company announced that Joseph Bleackley has been appointed as a Director of the Company. Mr. Bleackley is a capital markets professional who has built and led successful teams to achieve extraordinary results. As an entrepreneur with years of in-depth business development, investing and consultancy experience, he is currently serving as Chief Operating Officer for 1933 Industries Inc. (CSE:TGIF), Managing Partner for New Raven Capital Ltd. and President of Bleackley Ventures Ltd. Mr. Douglas Mason, Chief Executive Officer, states "The knowledge and expertise that Joseph brings to Waterfront Capital further strengthens us in our pursuit of new business opportunities for the Company. I look forward to working with Joseph to help guide Waterfront Capital's future." The Company also announces the resignations of Andrzej Kowalski and Mehrun Payravi as directors. Waterfront Capital wishes to thank Mr. Kowalski and Mr. Payravi for their dedication, contributions and service as members of the Company's Board of Directors.

- On November 15, 2018, the Company announced that Mr. Brayden Sutton has been appointed as a Director of the Company. Brayden Sutton has been a successful entrepreneur and an active investor in the capital markets for over 15 years. Brayden operates a wholly-owned merchant bank and has deployed over $100 million dollars into the cannabis sector dating back to 2013. As well, he co-founded and served as the Executive Vice President for Supreme Pharmaceuticals, now called The Supreme Cannabis Company Inc. (TSXV: FIRE), and in 2015 became Director of Business Development for Aurora Cannabis Inc. (TSX: ACB & NYSE: ACB). Brayden has had notable success finding quality companies and teams early, and he has been on the forefront of many large transactions in the cannabis space. Brayden is also the founder of Cannabis Health Sciences Inc. and the Cannabis Health Journal, which made its debut in 1999. He is now the President and CEO of 1933 Industries Inc. (CSE: TGIF), which owns and operates the very first licensed cannabis cultivation and processing facility in Las Vegas, Nevada. Mr. Douglas Mason, Chief Executive Officer, states "Brayden has the credentials and the vision to lead the Company forward and to manage potential new business opportunities and to raise capital to support such plans. I look forward to working with Brayden to help guide Waterfront Capital's future."

- On October 17, 2018, by news releases dated May 3 and September 12, 2018, the Company announced that it has elected not to proceed with its proposed acquisition of Water Street Profile Services Inc. ("Water Street"). In connection with the proposed acquisition, trading of the shares of the Company had been voluntarily halted, however, the Company has requested that the voluntary trading halt be lifted, and accordingly, subject to TSX-V (the "Exchange") approval, the Company anticipates that its shares will resume trading on Monday, October 22, 2018. Going forward, Waterfront Capital intends to actively pursue other potential business opportunities. In accordance with TSX Venture Policy 2.5, Continued Listing Requirements ("CLR") and Inter-Tier Movements, the Exchange has indicated to the Company that it does not meet CLR. Therefore, effective at the opening on Monday, October 22, 2018, the Company's listing will transfer to NEX and its trading symbol will change from WFG to WFG.H.

- On September 12, 2018, by news release dated May 3, 2018, the Company announced that it had entered into a LOI, dated January 23, 2018 with Water Street to acquire all of the issued and outstanding shares of Water Street (the "Transaction") in exchange for common shares of Waterfront Capital. The Transaction may constitute a "Change of Business" or "Reverse Takeover" under the policies of the TSX-V and is subject to prior Exchange approval. The Transaction is an arm's length transaction. By way of update, the Company is pleased to announce that its due diligence of Water Street is proceeding well.

- On May 3, 2018, the Company announced that it has entered into a LOI, dated January 23, 2018 with Water Street to acquire all of the issued and outstanding shares of Water Street in exchange for common shares of Waterfront Capital. The Transaction may constitute a "Change of Business" or "Reverse Takeover" under the policies of the TSX-V and is subject to prior Exchange approval. The Transaction is an arm's length transaction. About Water Street and The Profile Coworking Business Club ("The Profile") Water Street is revolutionizing how and where people work by offering coworking and office space in a modern social business club model. Established in 2009 under the business name "The Profile Coworking Business Club", Water Street has three locations in Greater Vancouver, British Columbia (specifically, historical Gastown, the Central Business District of Vancouver and Lower Lonsdale in North Vancouver). With 1,500 members and growing, Water Street's expansion plans for The Profile coworking spaces include key areas throughout the Lower Mainland and along the West Coast, under a unique location strategy. The Profile offers the ultimate meeting and networking lounges with coffee bars, kombucha, wine and craft beers on tap, and full catering. A variety of non-lease meeting spaces, living rooms, workshops and board rooms and casual workspace is available 24/7/365.

  The Coworking Office Space Industry
  Coworking office space typically provides a choice of shared and private workspaces for entrepreneurs, freelancers, startups, small businesses and large enterprises. As well as traditional office spaces, coworking spaces offer open concept space and often provide amenities such as food/beverage, catering, office services, presentation and function space and special events coordinated by its members. With the high cost, low availability and onerous lease terms involved in obtaining space in major business centers, there is a growing demand for communal workspace that can provide short-term flexibility without any capital investment, and that is a cheaper and quicker option for an individual or a company to set up. Coworking spaces provide the ability to move in and out of a market faster and many provide flexibility as they are normally accessible 24/7. Not only can professionals enjoy an affordable, fully-stocked office environment where they can come and go as needed, but many coworking spaces invest in building solid communities, uniting like-minded professionals who come from a diverse range of industries in a space where they can learn, connect, collaborate and socialize. There are a number of coworking space companies established in Vancouver (such as "Spaces" and "WeWork"), some of which also have coworking space in major business centers across Canada, and internationally.

  The Transaction
  On January 23, 2018, the Company entered into a LOI with Water Street to acquire all the issued and outstanding shares of Water Street in exchange for common shares of Waterfront Capital. On October 17, 2018 the parties mutually agreed to terminate the LOI. Neither party has any further obligations under the LOI.

  Secured Loan
  In connection with the Transaction, Waterfront Capital had advanced, at Water Street's request, a secured loan to Water Street in the principal amount of $100,000. The loan was to be used for construction on existing business locations and to expand capacity for additional revenues.

The Loan will bear simple interest, payable on maturity one year after the date of the Loan at 6% per annum and will be repayable within ninety (90) days in the event that Water Street and/or its shareholders elect not to proceed with the Transaction. In the event that Waterfront Capital elects not to proceed with the Transaction, all amounts owing under the Loan will be repayable within ninety (90) days of demand. The Loan will be secured by a security charge over Water Street's assets. On October 17, 2018, the Company elected not to proceed with the Transaction and has given Water Street ninety (90) days' notice for the loan to be repaid. The Company is in discussions with Water Street and is currently negotiating a repayment plan for the loan.

- On April 3, 2018, further to its news releases of June 28, September 15, 2017 and February 2, 2018, the Company announced that the TSX-V has granted the Company an additional 30 day extension (to April 30, 2018) to address the Company's one remaining Tier 2 CLR, being the Activity criteria.

- On February 2, 2018, further to its news releases of June 28 and September 15, 2017, the Company announced that the TSX-V has granted the Company an additional 60-day extension (to March 31, 2018) to address the Company's one remaining Tier 2 CLR, being the Activity criteria. The Company intends to use the proceeds that it raised from its recently completed private placement (see news release dated October 13, 2017) and the funding proceeds that it recently received through the exercise of certain previously issued share purchase warrants (see news release dated January 24, 2018) to continue its investigation and due diligence of certain potential business opportunities that the Company believes will address the Activity criteria of the Tier 2 CLR requirements.

- On January 24, 2018, the announced the receipt of $264,000 of funding proceeds through the exercise of 4,400,000 share purchase warrants into 4,400,000 common shares at $0.06 per share. $156,000 of the funding proceeds, representing 59.1% of the total proceeds, were received from two officers and one independent director of the Company, who participated in the warrant exercise. The warrants were originally issued on January 26 and February 3, 2016 as part of a private placement unit offering of common shares and share purchase warrants and were due to expire on January 26 and February 3, 2018. All participants in this private placement converted their warrants, prior to expiry, into common shares of the Company (including 2,600,000 warrants held by insiders of the Company). Following the issuance of these shares, the Company had 42,284,906 common shares outstanding. The Company intends to use the proceeds from this exercise of share purchase warrants to investigate certain potential business opportunities and for general working capital purposes.

- On June 28, 2017, the Company announced that it received a letter, dated June 27, 2017, from the TSX-V that indicates the exchange has determined that the Company does not meet the exchange's Tier 2 CLR. As a result, the exchange has given the Company 90 days (to September 29, 2017) to submit documentation evidencing that it meets Tier 2 CLR. The exchange has further indicated that if the Company is unable to file satisfactory documentation by the September 29, 2017 deadline, the Company will be transferred to the NEX Board of the exchange.

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three and twelve months ended December 31, 2018, compared with the three and twelve months ended December 31, 2017. The Management's Discussion and Analysis should be read in conjunction with the Company's consolidated financial statements and the accompanying notes for the year ended December 31, 2018.

For the three-month period ended December 31, 2018:

Net loss for the period

The Company had a net loss for the three-month period ended December 31, 2018 of $238,082 (2017 - $327,302). The net decrease of $89,220 in the net loss for the three-month period ended compared to the three-month period ended December 31, 2017 was primarily due to decreased share-based payments partially offset by an increase in consulting and legal fees in valuating Water Street and the transaction contemplated.

Other Items

During the three-month period ended December 31, 2018, the Company reported the loss of $1,673 compared to an income of $5 in the three-month period ended December 31, 2017 from other sources of income and other expenses. Items that caused the $1,678 change in other items are noted in the following:

- Loss in other income of $802 (2017 - income of $5) decreased by $807 and it mainly fluctuated with the cash balance in the bank.
- Unrealized Loss on investments of $871 (2017 - $nil) changed by $871 due to the fair market value of marketable securities held for sale. The Company holds certain securities in related parties.

Operating Expenses

General and administrative expenses of $236,409 (2017 - $327,307) are primarily comprised of consulting, administrative, professional fees, transfer agent fees and filing fees, rent, share-based payments and general office expenses. The net decrease was $90,898 when compared to the three-month period ended December 31, 2017. Items that caused the net decrease are noted in the following:

In comparison to the three-month period ended December 31, 2017:

- Consulting fees of $146,500 (2017 - $18,250) increased by $128,250 and was mainly due to extinguishing consulting contracts and fees in valuating Water Street Profile Services Inc. for a possible acquisition of all of its shares.
- Office and miscellaneous of $7,034 (2017 - $7,085) remained fairly consistent.
- Professional fees of $64,779 (2017 - $21,920) increased by $42,859. The increase was mainly due to legal fees related to the proposed acquisition of Water Street Profile Services Inc.
- Regulatory and transfer agent fees of $6,136 (2017 - $9,515) decreased by $3,379 mainly due to decreased transfer agent fees.
- Rent of $5,955 (2017 - $7,235) remained fairly consistent.
- Travel of $nil (2017 - $40) remained fairly consistent.
- Wages and benefits of $7,024 (2017 - $8,637) remained fairly consistent.

For the twelve-month period ended December 31, 2018:

Net loss for the period

The Company had a net loss for the twelve-month period ended December 31, 2018 of $507,863 (2017 - $515,505). The net decrease of $7,642 in the net loss for the twelve-month period ended compared to the twelve-month period ended December 31, 2017 was primarily due to no share based payments recognized during the year.

Other Items

During the twelve-month period ended December 31, 2018, the Company reported a loss of $2,736 compared to an income of $496 in the twelve-month period ended December 31, 2017 from other sources of income and other expenses. Items that caused the $3,232 net change in other items are noted in the following:

- Other income of $3,541 (2017 - $87) increased by $3,454 and it mainly fluctuated with the cash balance in the bank.
- Unrealized loss on investments of $6,277 (2017 – gain of $409) decreased by $6,686 due to market values of securities held. The Company holds certain securities in a company with common directors.

Operating Expenses

General and administrative expenses of $505,127 (2017 - $516,001) are primarily comprised of consulting, administrative, professional fees, transfer agent fees and filing fees, rent and general office expenses. The net decrease was $10,874 when compared to the twelve-month period ended December 31, 2017. Items that caused the net decrease are noted in the following:

In comparison to the twelve-month period ended December 31, 2017:

- Consulting fees of $270,750 (2017 - $73,000) increased by $197,750 and was mainly due to extinguishing consulting contracts and fees in valuating Water Street for a possible acquisition of all of its shares.
- Interest expense of $13 (2017 - $2,781) decreased by $2,768 and was mainly related to loans that were repaid in full in the current year.
- Office and miscellaneous of $23,873 (2017 - $23,521) remained fairly consistent.
- Professional fees of $136,697 (2017 - $80,193) increased by $56,504. The increase was mainly due to extinguishing consulting contracts and in legal fees related to the proposed acquisition of Water Street.
- Regulatory and transfer agent fees of $23,491 (2017 - $$25,644) remained fairly consistent.
- Rent of $23,818 (2017 - $25,296) remained fairly consistent.
- Travel of $nil (2017 - $185) remained fairly consistent.
- Wages and benefits of $26,485 (2017 - $30,756) decreased by $4,271 mainly due to the timing of employee benefits paid under the Company's health and welfare benefits plan.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

On March 5, 2019, the Company entered into an LOI with Whistler Water to acquire all the issued and outstanding shares of Whistler Water (the "Proposed Transaction").

In connection with the Proposed Transaction the parties will arrange an equity financing (the "Financing") on a best efforts basis for gross proceeds of up to $4,000,000. Each Unit will be comprised of one common share and one transferable warrant with each warrant exercisable for a period of 2 years at an exercise price equal to twice the financing price. The warrants will contain certain accelerated exercise provisions to be determined at the time of issuance.

Closing of the Proposed Transaction is subject to a number of conditions being satisfied, including the following:

- Execution of a mutually accepted Definitive Agreement on or before the termination date;
- Satisfactory completion of due diligence by each of the parties prior to execution of the Definitive Agreement;
- The approval of the Waterfront shareholders;
- Closing of the Financing;
- Whistler Water's long term debt being converted into equity of Whistler Water and Whistler Water having no debt other than trade payables in the ordinary course;
- The receipt of all require regulatory, stock exchange security holder approvals, consents, permits, waivers ,exemptions and orders; and
- No breach of the obligations under the LOI.

Whistler Water may terminate the LOI at any time in order to enter into a transaction with a third-party for a break fee of $200,000.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended December 31, 2018:

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Total assets	$ 264,728	$ 505,655	$ 582,152	$ 689,225
Working capital	240,652	478,734	559,070	667,391
Shareholders' equity	240,652	478,734	559,070	667,391
Other income	(802)	3,255	986	102
Operating expenses	236,409	82,719	108,261	77,738
Net loss and comprehensive loss	(238,082)	(80,336)	(108,321)	(81,124)
Basic loss per share	(0.01)	0.00	0.00	0.00
Diluted loss per share	(0.01)	0.00	0.00	0.00

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total assets	$ 507,118	$ 105,573	$ 52,638	$ 56,305
Working capital (deficit)	484,515	54,052	(240,349)	(186,461)
Shareholders' equity (deficit)	484,515	54,052	(240,349)	(186,461)
Total Revenue	5	25	18	39
Operating expenses	327,307	61,291	56,998	70,405
Net loss and comprehensive loss	(327,302)	(63,099)	(53,888)	(71,216)
Basic loss per share	(0.01)	0.00	(0.00)	(0.00)
Diluted loss per share	(0.01)	0.00	(0.00)	(0.00)

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenues	-	-	-
Operating income (loss)	(505,127)	(516,001)	(225,767)
Net income (loss) and comprehensive income (loss)	(507,863)	(515,505)	(225,948)
Basic loss per share	(0.01)	(0.02)	(0.01)
Diluted loss per share	(0.01)	(0.02)	(0.01)
Total assets	264,728	507,118	113,406

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares, warrants and debenture financing. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company anticipates spending some of its capital resources on exploring new business opportunities during the year in expanding its business services. Currently, general and administrative expenses amount to approximately $29,000 per month.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's investors in evaluation activities; and financial market conditions. On October 13, 2017 closed on a $880,000 private placement and on January 26, 2018 received proceeds of $264,000 on the exercise of warrants. Further financing may be required to cover the Company's long-term cash requirements. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at December 31, 2018, the Company had working capital of $240,652 compared to $484,515 as at December 31, 2017. As at December 31, 2018, the Company had cash of $144,183 compared to cash of $478,696 as at December 31, 2017.

Net cash used in operating activities for the period ended December 31, 2018 was $498,513 compared to $455,627 for the same period in the prior year.

Net cash provided by (used in) investing activities for the period ended December 31, 2018 was ($100,000) (2017 - $4,971) from the issuance of a loan receivable.

Net cash provided by financing activities for the period ended December 31, 2018 was $264,000 compared to $849,640 for the same period in the prior year, consisting of $264,000 (2017 - $880,000) from proceeds on issuance of shares from proceeds on issuance of shares less share issue costs of $nil(2016 –$19,360) and $nil (2017 - $35,500) from loan advances offset by $nil (2017 - $46,500) of loan repayments.

TRANSACTIONS WITH RELATED PARTIES

(a) Included in prepaid expenses at December 31, 2018 is $Nil (2017 - $11,000) as a deposit paid to Waterfront Communications Inc., a company with certain directors in common, to cover shared employee payroll and office costs.

(b) Included in accounts payable at December 31, 2018 is $1,050 (2017 - $2,344) due to companies controlled by directors and/or with certain directors in common as follows:

Name of Company/Director	Directors/Officers	December 31, 2018	December 31, 2017
Andrzej Kowalski	a director of the Company	$ -	$ 500
Beachfront Enterprises Limited Partnership	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason	-	1,344
Mehrun Payravi	a director of the Company	-	500
Waterfront Communications Inc.	Douglas L. Mason and Sead Hamzagic	1,050	-
		$ 1,050	$ 2,344

(c) During the period ended December 31, 2018, the Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative payroll costs in the amount of $26,485 (2017 - $30,756), shared expenses in the amount of $37,734 (2017 - $16,039) and a break fee of $20,000 (2017 - $Nil) to cover committed expenses.

(d) The Company entered into a loan agreement, dated October 8, 2015, pursuant to which the lender agreed to loan the Company up to $50,000 for working capital purposes. The loan agreement was provided by a company controlled by a director and each loan advance is for a term of one year with interest at a rate of 1% per month (12% per annum). The Company borrowed $8,500 and repaid $14,500 during the year ended December 31, 2016. During the year ended December 31, 2017 the Company received loan advances of $35,500. The Company repaid all outstanding loans on September 29, 2017, totalling $46,500. No loan bonus shares were issued in connection with these loans.

(e) During the period ended December 31, 2018, the Company recovered, paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	**Directors/Officers**	**December 31, 2018**	**December 31, 2017**
Waterfront Capital Partners Inc.			
(formerly Criterion Capital Corporation)	Douglas L. Mason		
(consulting fees)		80,000	30,000
(interest)		-	2,781
Sead Hamzagic, Inc.			
(consulting fees)	Sead Hamzagic	80,000	30,000
Andrzej Kowalski			
(director's fee)	Andrzej Kowalski	3,167	2,000
Mehrun Payravi			
(director's fee)	Mehrun Payravi	1,833	2,000
Sutton Ventures Ltd.			
(consulting fees)	Brayden Sutton	5,000	-
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason	23,816	25,296

Included in consulting fees are one-time payments of $50,000 to terminate existing consulting contracts to terminate existing consulting contracts with Waterfront Capital Partners Inc., and Sead Hamzagic, Inc.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

CAPITAL MANAGEMENT

The Company manages its common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

To fund future operating activities the Company may need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

The Company expects its current capital resources will be sufficient to carry its corporate and administrative services and operations through its current operating period.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and investments as fair value through profit or loss; accounts receivable and loans receivable at amortized cost; and accounts payable and accrued liabilities at amortized cost.

The carrying values of accounts receivable, loan receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's measurement of fair value of financial instruments as at December 31, 2018 and December 31, 2017 in accordance with the fair value hierarchy is as follows:

		Total		Level 1		Level 2		Level 3
December 31, 2018								
Cash	$	144,183	$	144,183	$	-	$	-
Investments	$	698	$	698	$	-	$	-
December 31, 2017								
Cash	$	478,696	$	478,696	$	-	$	-
Investments	$	6,975	$	6,975	$	-	$	-

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments, accounts receivable, and loan receivable.

The Company's credit risk is primarily attributable to cash, investments and loans receivable. Management believes that the credit risk concentration with respect to cash and investments is remote as it maintains accounts with highly-rated financial institutions.

Credit risk with respect to accounts receivable and loans receivable has been assessed as low from management, as the Company has strong working relationships with the parties involved and its loan receivable is secured against a general security agreement.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

		2018		2017
Bank accounts	$	144,183	$	478,696
Investments		698		6,975
Accounts receivable		10,962		6,319
Loan receivable		103,518		-
	$	259,361	$	491,990

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2018, the Company had accounts payable and accrued liabilities of $24,076 (2017 - $22,603). Based on the current funds held as at December 31, 2018, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital to proceed with a proposed acquisition of Water Street. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

	December 31, 2018		
Due Date	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
0 – 90 days	$ 23,026	$ 1,050	$ 24,076

	December 31, 2017		
Due Date	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
0 – 90 days	$ 20,259	$ 2,344	$ 22,603

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.

SEGMENTED INFORMATION

The Company currently operates its business in one operating segment in Canada

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.
The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

<u>Critical accounting estimates:</u>

a) Recoverability of asset carrying values
At each reporting period, assets, including accounts receivable and investments, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates and future operating performance.

b) Share-based payments
The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. These estimates will impact the amount of share-based payments recognized.

c) Income taxes
Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

CHANGES IN ACCOUNTING POLICIES

A number of new standards, amendments to standards and interpretations have been applied in preparing these financial statements. None of these had a material effect on the financial statements of the Company.

<u>New accounting policies</u>
Effective January 1, 2018, the Company adopted the following accounting standards

<u>IFRS 9, Financial Instruments:</u>
IFRS 9 Financial Instruments was issued by the IASB in July 2014 and has replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated, and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of financial assets on the transition date.

IFRS 15, Revenue from Contracts with Customers:

In May 2014 the IASB approved IFRS 15, Revenue from Contracts with Customers, which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers, except for leases, financial instruments and insurance contracts. The adoption of IFRS 15 did not have an impact on the Company's consolidated financial statements.

Accounting pronouncements adopted on January 1, 2019

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, which would replace IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company will adopt this standard on January 1, 2019, the date of initial application. The Company does not expect the adoption of IFRS 16 to have an impact on the Company's consolidated financial statements.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

OUTSTANDING SHARE DATA as of April 9, 2019:

a) Authorized Share Capital:
unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and Outstanding Shares:
44,684,906 common shares with a stated value of $ 9,891,279

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
58,000	$ 0.10	September 30, 2019
33,000	$ 0.12	January 19, 2020
2,940,000	$ 0.10	October 13, 2022
75,000	$ 0.125	October 16, 2022
3,106,000		
3,106,000		Exercisable

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
18,318,800	$ 0.10	October 13, 2019

e) Shares in escrow or pooling agreements: nil

OFFICERS AND DIRECTORS

Douglas L. Mason, President, CEO and Director (Chairman)
Sead Hamzagic, CFO and Director
Brayden Sutton, Director
Joseph Bleackley, Director
Corey Larricq, Director