

**CARPINCHO CAPITAL CORP.**

**FORM 51-102F1**

**ANNUAL MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED  
JUNE 30, 2014**

**Date**

This management discussion and analysis ("MD&A") is dated October 24, 2014 and is in respect of the year ended June 30, 2014. Information contained herein is presented as at October 24, 2014, unless otherwise indicated.

**Introduction**

The following MD&A of the financial condition and results of the operations of Carpincho Capital Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2014. This MD&A has been prepared to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The results for the period presented are not necessarily indicative of the results that may be expected for any future period.

The financial statements for the year ended June 30, 2014 and the financial information contained in this MD&A, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of,

such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
The Company expects to identify suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders.	The Company expects that market conditions will be favourable and the Company will be able to identify suitable assets or businesses and negotiate terms acceptable to the Company.	The Company’s inability to identify suitable assets or businesses or market conditions not being favourable for the completion of “going public” transactions.
The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2015.	The operating activities of the Company for the twelve-month period ending June 30, 2015, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking

statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Description of Business**

On October 18, 2010 Wombat Investment Trust acquired control of the Company through the purchase of all Class A Shares. At that time the board of directors was reconstituted and new officers appointed. The Company now carries on activities as a venture capital company and is seeking assets or businesses with good growth potential to merge with or acquire. The Company is not restricting its search to any industry segment or geographic area. The Company will consider acquisitions of assets or businesses operated or located both inside and outside of Canada. All potential acquisitions will be screened initially by management of the Company to determine their economic viability. Approval of acquisitions will be made by the Board of Directors. The Board of Directors will examine proposed mergers and acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. In exercising their powers and discharging their duties in relation to any proposed transaction, the directors will act honestly and in good faith with a view to the best interests of the Company and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The search for appropriate assets or businesses is continuing, although it continues to be negatively impacted by the difficult market conditions for raising equity and completing going public transactions. Management is hopeful that market conditions will improve in the near term and provide more prospective transaction opportunities. If and when discussions reach a point where disclosure would be appropriate, the Company will issue and file a press release providing full details.

### **Overall Performance**

The Company intends to seek out prospective merger and acquisition opportunities. There can be no assurance that a suitable asset or business will be identified, or if identified, that a successful transaction will be concluded.

At June 30, 2014, the Company had assets of \$2,307 and shareholders' deficit of \$77,140. This compares with assets of \$4,204 and shareholders' deficit of \$63,667 at June 30, 2013. At June 30, 2014, the Company had \$78,447 of current liabilities compared to current liabilities of \$66,871 at June 30, 2013.

At June 30, 2014, the Company had a working capital deficiency of \$76,140, compared to working capital deficiency of \$62,667 at June 30, 2013. The Company had cash of \$977 at June 30, 2014, compared to \$1,769 at June 30, 2013. The decrease in cash during the year of \$792 was primarily attributable to the payment of audit fees offset by a shareholder loan of \$5,000. The Company believes that additional financing will be required to fund its operating expenses as it searches for suitable assets or businesses to merge with or acquire. See "Liquidity and Financial Position".

### **Trends**

The Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. Management monitors economic conditions and estimates their impact on the Company's operations and incorporates these

estimates in both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading “Risk Factors”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

Economic conditions, and specifically the currently weak capital markets, has and may continue to negatively affect merger and acquisition transaction opportunities for the Company. Management expects equity markets to improve in the short-term but there can be no assurance that this will occur.

### **Selected Annual Financial Information**

A summary of selected financial information for the years ended June 30, 2014, 2013 and 2012 follows:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>
Total revenue	Nil	Nil	Nil
Net earnings (loss)	(\$13,473)	(\$17,310)	(\$18,086)
Total assets	\$2,307	\$4,204	\$9,393
Long-term financial liabilities	Nil	Nil	Nil

The Company declared no cash dividends during the above financial years.

### **Results of Operations**

For the year ended June 30, 2014, the Company reported a net loss of (\$13,473) versus a net loss of (\$17,310) in the corresponding period in 2013. No revenue was reported in either period. The Company did not hold any income bearing investments during the 2013 or 2014 fiscal years.

Expenses for the 2014 year were \$13,473 versus \$17,310 in the prior year, a decrease of 22.2%. The decrease was primarily attributable to the incurrence of lower audit fees due to a change in auditors, the accrual of lower legal fees as a result of reduced corporate activity and payment of lower regulatory filing fees as a result of lower filing fees charged following the transfer of the SEDAR filing system to a new service provider.

### **Overall Objective**

For the 2015 fiscal year, the Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. See “Risk Factors”.

### Summary of Quarterly Results

A summary of selected financial information for the previous eight quarters follows.

	<b>Q4 2014</b> (unaudited)	<b>Q3 2014</b> (unaudited)	<b>Q2 2014</b> (unaudited)	<b>Q1 2014</b> (unaudited)	<b>Q4 2013</b> (unaudited)	<b>Q3 2013</b> (unaudited)	<b>Q2 2013</b> (unaudited)	<b>Q1 2013</b> (unaudited)
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss and comp. loss								
- Total	(\$4,018)	(\$1,840)	(\$7,390)	(\$225)	(\$6,374)	(\$1,542)	(\$9,275)	(\$119)
- Per share	(\$0.00)	(\$0.0004)	(\$0.001)	(\$0.00)	(\$0.001)	(\$0.000)	(\$0.002)	(\$0.000)
Working capital	(\$76,140)	(\$72,122)	(\$70,282)	(\$62,892)	(\$62,667)	(\$56,293)	(\$54,751)	(\$45,476)
Total assets	\$2,307	\$5,639	\$6,058	\$5,511	\$4,855	\$4,341	\$4,348	\$9,393

### Liquidity and Financial Position

As at June 30, 2014, the Company had a working capital deficiency of \$76,140. Management believes that additional funding will be required to fund the Company's general and administrative expenses as it searches for suitable assets or businesses to merge with or acquire. Wombat Investment Trust, the owner of all Common Shares, has advised that it currently intends to advance the Company on commercial terms sufficient funds to enable it to conduct its venture capital activities and meets its public company reporting obligations until such time as it completes a merger or acquisition transaction. There can be no assurance however, that additional financing will be available or on terms acceptable to the Company.

### Transactions with Related Parties

For the year ended June 30, 2014, the Company did not enter into any transactions with related parties other than incurring legal fees in the amount of \$10,304 from a law firm in which a director and officer of the Company is a director, officer and shareholder.

In fiscal 2014 the Company received \$5,000 from a shareholder for working capital purposes. The loan is unsecured, non-interest bearing and repayable on demand. No loans outstanding were repaid during the 2014 fiscal year.

### Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition,

including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

### **Proposed Transactions**

As at the date hereof, there were no proposed transactions of a material nature being considered by the Company.

### **Critical Accounting Estimates**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

### **Capital Management**

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to \$76,140. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2014.

### **Financial Instruments**

The Company's financial instruments consisting of cash, sales taxes recoverable, accrued liabilities and shareholder loan, approximates the carrying value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest rate risk, currency or credit risks arising from these financial instruments.

As at June 30, 2014, the Company had negative working capital of \$76,140 (June 30, 2013 – \$62,667). The Company will require additional financing to meet its ongoing obligations and its business objectives.

## Changes in Accounting Policies

### Recent Accounting Pronouncements

Recently issued but not adopted accounting guidance includes, IFRS 9 Financial Instruments. This is described in note 2 to the audited annual financial statements for the year ended June 30, 2014. This recent accounting pronouncement has not been adopted and is being evaluated to determine its impact on the Company.

### Risk Factors

At the present time, the Company does not hold any interest in an operating asset or business. The Company's viability and potential success lie in its ability to identify and successfully complete the merger with or acquisition of a suitable asset or business and, if completed, to develop, exploit and generate revenue out of such future asset or business. Management believes that the Company's ability to identify and complete a transaction will be greatly influenced by the strength of the capital markets. Markets that are robust and receptive to equity financings and initial public offerings are expected by management to be most favourable for the completion of a transaction. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and, although a shareholder has indicated a willingness to fund the Company's activities, there is no assurance that additional funding will be available to it. Failure to obtain such additional financing could result in the Company not being able to meet its general and administrative expenses or maintain its public company status, and could delay or indefinitely postpone the identification of suitable assets or business or the completion of a transaction once a suitable asset or business has been identified.

### Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

<b>Designation of Securities</b>	<b>Number or Principal Amount Outstanding</b>	<b>If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable</b>
Common Shares	5,000,000	N/A
<b>TOTAL</b> (maximum number of Common Shares - fully-diluted)		5,000,000

### Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the

circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52- 109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.