

# **DARIEN BUSINESS DEVELOPMENT CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following information, prepared as of April 27, 2018 should be read in conjunction with the financial statements of Darien Business Development Corp ("the Company" or "Darien") for the year ended December 31, 2017. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

The Company's financial statements for the year ended December 31, 2017, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of April 27, 2018.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **COMPANY DESCRIPTION**

Darien Business Development Corp. was incorporated under the Alberta Business Corporations Act on November 23, 2004. The Company's main activities during the year ended December 31, 2017 have been maintaining its public listing and pursuing potential business opportunities as they arise. Effective March 14 2017, the Company consolidated its common shares on the basis of one new common share for every ten old common shares issued and outstanding at the time. All references to share and per share amounts have been retroactively restated to reflect the share consolidation. The Company is listed on the TSX Venture Exchange's NEX board under the trading symbol "DBD.H".

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### SELECTED ANNUAL INFORMATION

The following is a summary of certain selected audited financial information of the Company for the years ended December 31, 2017, 2016 and 2015:

	2017 \$	2016 \$	2015 \$
Total Revenues	-	-	-
Loss	(105,597)	(144,913)	(82,093)
Loss Per Share (basic and diluted) <sup>(1)</sup>	(0.01)	(0.02)	(0.01)
Total Assets	303,037	15,361	8,333
Long-term Liabilities	-	-	-
Dividends Declared	-	-	-

<sup>(1)</sup> The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The loss for the year ended December 31, 2016 is greater due to increased consulting fees. The Company is focused on preserving capital and limiting expenditures as it pursues potential business opportunities.

### RESULTS OF OPERATIONS

The Company recorded a loss of \$105,597 (\$0.01 per share) for the year ended December 31, 2017 as compared to a loss of \$144,913 (\$0.02 per share) for the year ended December 31, 2016. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported loss for the years ended December 31, 2017 and 2016 to produce an adjusted loss that forms a better basis for comparing the year over year operating results of the Company.

	2017 \$	2016 \$
Loss for the year as reported	(105,597)	(144,913)
Add (deduct):		
Amortization	476	602
Foreign exchange (gain)	-	(175)
Gain on write-down of accounts payable	-	(16,539)
Adjusted loss for the year <sup>(1)</sup>	(105,121)	(161,025)

<sup>(1)</sup> Adjusted loss for the year is not a term recognized under IFRS.

Comments regarding certain of these items are as follows:

- Foreign exchange loss is based on fluctuations in the exchange rate between the Canadian dollar and the US dollar. Certain liabilities are denominated in US dollars.

The decrease in adjusted loss recorded in the year ended December 31, 2017 as compared to the year ended December 31, 2016 is due to a decrease in consulting fees of \$60,000.

### FOURTH QUARTER

The Company recorded a loss of \$31,801 (\$0.00 per share) for the three months ended December 31, 2017 as compared to a loss of \$29,098 (\$0.00 per share) for the three months ended December 31, 2016. The loss in the quarter ended December 31, 2017 was greater than the comparative period the Company recorded a gain on write-down of accounts payable of \$12,804, during the quarter ended December 31, 2016.

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### SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out financial information for the past eight quarters:

	Three Months Ended (\$)			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total Revenues	-	-	-	-
Loss	(31,801)	(18,352)	(29,552)	(25,892)
Loss Per Share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.01)	(0.00)

	Three Months Ended (\$)			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total Revenues	-	-	-	-
Loss	(29,098)	(37,000)	(58,396)	(20,419)
Loss Per Share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.01)	(0.01)	(0.00)

<sup>(1)</sup> The basic and diluted loss per share calculations result in the same amount.

The decrease in loss for the quarters ended September 30, 2017 was due to decreased consulting fees.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$105,121 of cash (before working capital items) for the year ended December 31, 2017. The Company's aggregate operating, investing, and financing activities during the year ended December 31, 2017 resulted in an increase in its cash balance from \$2,856 at December 31, 2016 to \$286,868 at December 31, 2017. The Company's working capital surplus at December 31, 2017 was \$277,989 compared to a working deficit of \$214,015 at December 31, 2016.

The Company has no long-term debt.

### FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

During the year ended December 31, 2016 the Company received \$148,800 in advances payable, including \$68,000 to a director of the Company. During the year ended December 31, 2017 the Company received an additional \$21,000 in advances payable, including \$16,000 from a director. As at December 31, 2017 the Company had repaid all of the advances payable.

On November 7, 2017, the Company completed a private placement in which a total of 6,000,000 units were issued at a price of \$0.10 per Unit for gross proceeds of \$600,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share at a price of \$0.15 per common share for a period of one year from the date of issue.

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### RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the years ended December 31, 2017 and 2016:

	2017	2016
	\$	\$
Accounting fees <sup>(1)</sup>	13,436	8,541
Consulting fees <sup>(2)</sup>	30,000	60,000
	43,436	68,541

<sup>(1)</sup> Includes fees billed by a company owned by a director, Rob McMorran.

<sup>(2)</sup> Includes fees billed by the CEO, Gunther Roehlig.

Included in accounts payable and accrued liabilities as at December 31, 2017 is \$3,830 (December 31, 2016 - \$31,279) due to current directors and officers of the Company and/or companies controlled by them. The amounts owing are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2017 the Company received \$16,000 (2016 - \$68,000) in advances payable from a director of the Company and repaid \$84,000 (2016 - \$nil) in advances payable to the same director.

Key management includes the directors of the Company. The compensation paid or payable to key management for services during the years ended December 31, 2017 and 2016 is identical to the table above.

### FINANCIAL INSTRUMENTS

#### Classification of Financial Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities payable. The Company designated its cash as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities and advances payable are designated as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

#### Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is primarily held with the Bank of Montreal.

#### Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the Company's liabilities are non-interest bearing or have fixed interest rates.

#### Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as

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well as anticipated investing and financing activities. At December 31, 2017 the Company had a working capital surplus of \$277,989 compared to a working capital deficit of \$214,015 at December 31, 2016.

### OUTSTANDING SHARE DATA

Authorized: Unlimited common shares without par value.  
Unlimited preferred shares issuable in series.

Effective March 14, 2017, the Company consolidated its common shares on the basis of one new common share for every ten old common shares issued and outstanding at the time. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

All share information is reported as of April 27, 2018 in the following table:

Type of Security	Number	Exercise Price (\$)	Expiry Date
Issued and outstanding common shares	12,455,815	N/A	N/A
Share purchase warrants	6,000,000	0.15	November 7, 2018
Total	18,455,815		

### RISKS AND UNCERTAINTIES

The Company has incurred significant losses since inception. The continued operations of the Company are dependent on its ability to generate future cash flow and obtain additional financing. The Company has traditionally financed its cash requirements through the issuance of common shares. If the Company is unable to generate cash from operations or obtain additional financing its ability to continue as a going concern could be impaired.

### DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended December 31, 2017 and this accompanying MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

### ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards have been issued but are not yet effective:

#### IFRS 9 Financial Instruments

The IASB has issued a new standard, IFRS 9, Financial Instruments ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages

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its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. Companies may early adopt IFRS 9 however there is no mandatory application date. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

### **OUTLOOK**

The Company is focusing on pursuing potential opportunities as they arise.