

# 1040433 BC LTD.

## Management's Discussion and Analysis

For the Six Months Ended January 31, 2017

### General

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at March 22, 2017 and should be read in conjunction with the audited financial statements for the year ended July 31, 2016 and related notes of 1040433 BC Ltd. ("1040433" or the "Company") as well as the unaudited condensed consolidated interim financial statements for the six months ended January 31, 2017. These audited consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the consolidated financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### Description of Business

The Company is a business development services company. It provides business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public. The Company is a reporting issuer in the provinces of British Columbia and Alberta.

### Plan of Arrangement

In July 2015, the Company entered into an Arrangement Agreement with Kidani Capital Partners Inc. ("Kidani") and 1033120 BC Ltd. ("1033120"). Kidani is a reporting issuer in the provinces of Alberta and British Columbia.

In October 2015, the shareholders of the Company, Kidani and 1033120, executed the Arrangement as follows:

- a) 1033120 acquired all of the issued and outstanding common shares of the Company from Kidani for consideration of the Purchase Price of \$1,000 on the Closing of the Plan of Arrangement (the “Purchase Shares”);
- b) 1033120 and the Company exchanged securities on a 1:1 basis such that 396,600 common shares of 1033120 were exchanged by their holders for 396,600 common shares of the Company;
- c) Kidani and the Company exchanged on a 1:1 basis, such that Kidani issued one common shares to the Company and the Company issued one common share to Kidani (collectively, the “Exchange Shares”); and
- d) The Purchase and the Exchange Shares were then cancelled.

Following completion of the Arrangement Agreement, the Company became a reporting issuer.

As a result of the Arrangement Agreement, the former shareholders of 1033120, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As 1033120 is deemed to be accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on June 19, 2015 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of 1033120 in accordance with IFRS 3, Business Combinations. The Company’s results of operations are included from October 29, 2015 onwards.

### **Results of Operations**

For the three months ended January 31, 2017, the Company incurred a loss of \$150 compared to a loss of \$450 for the three months ended January 31, 2016. The reduction is due to a decrease in fees charged by the transfer agent.

## Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Loss for the period	Loss per Share (Basic & Diluted)	Total Assets	Interest Income
January 31, 2017	\$150	\$0.00	\$Nil	\$Nil
October 31, 2016	\$150	\$0.00	\$Nil	\$Nil
July 31, 2016	\$1,700	\$0.01	\$Nil	\$Nil
April 30, 2016	\$450	\$0.00	\$Nil	\$Nil
January 31, 2016	\$450	\$0.00	\$Nil	\$Nil
October 31, 2015	\$8,082	\$0.98	\$Nil	\$Nil
July 31, 2015	\$Nil	\$0.00	\$1	\$Nil

## Financial Condition, Liquidity and Capital Resources

The Company's working capital deficiency position at January 31, 2017 was \$3,050 including cash of \$Nil. The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

## Related Party Transactions

There were no related party transactions during for the period ended January 31, 2017.

There are no amounts owing to related parties as at July 31, 2016 or January 31, 2017.

## Financial Instruments and Risk Management

### Fair Values

The fair values of cash and equivalents, receivables and trade payables approximate their book values because of the short-term nature of these instruments.

### (a) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of

financial markets and seeks to minimize potential adverse effects on financial performance.

**(b) *Financial Instrument Risk Exposure***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

*Credit Risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of March 22, 2017.

## **Additional share information**

As at January 31, 2017 and March 22, 2017 the Company had 396,600 common shares outstanding.

As at January 31, 2017 and as at the date of this report, the Company has no stock options or warrants outstanding.

## **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

## **Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.