# 10557536 CANADA CORP.

## MANAGEMENT DISCUSSION AND ANALYSIS

### THREE MONTH PERIOD ENDED MARCH 31, 2018

*The following management discussion and analysis ("MD&A") of 10557536 Canada Corp. ("10557536" or "the Company") provides a review of corporate developments, results of operations and financial position for the three months ended March 31, 2018 ("2018 Q1"). This discussion is prepared as of May 30, 2018 and should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2018. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency. Additional information regarding 10557536 is available on the Company's SEDAR profile at www.sedar.com.*

*For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), 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) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.*

## Forward-Looking Statements

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 statements 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

Selected forward-looking statements, assumptions, and risk factors are as follows:

| Forward-looking statements | Assumptions | Risk factors |
|---|---|---|
| The Company is working towards completing a Qualifying Transaction. | The Company expects to identify an asset or business to acquire and close a Qualifying Transaction, on terms favourable to the Company. | The Company's inability to find a target, the inability to satisfy all of the conditions precedent (due diligence, shareholder and regulatory approval, financing) to complete a Qualifying Transaction, resulting in the Company remaining as a reporting issuer only. |
| The Company's ability to meet its working capital needs at the current level for the year December 31, 2018. | The operating activities of the Company for the year December 31, 2018, 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. |

# 10557536 Canada Corp.
## Management Discussion and Analysis
### Three Month Period Ended March 31, 2018

## Company Overview

10557536 Canada Corp. was incorporated on December 27, 2017 under the Canada Business Corporations Act with its head office located at 401 Bay Street, Suite #2702, Toronto, Ontario, Canada, M5H 2Y4. The Company, as a reporting issuer in the provinces of British Columbia, Alberta and Manitoba, is subject to the rules and regulations of the relative provincial securities commissions, but its shares do not trade on any stock exchange. The Company has no current active business operations and its principal business is the identification and evaluation of assets or businesses for the purpose of completing a Qualifying Transaction such that the Company's shares can be approved for listing and trading on a recognized Canadian stock exchange.

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction.

## Plan of Arrangement

Under the terms of a Plan of Arrangement approved by the Ontario Superior Court of Justice on March 26, 2018, the Company acquired substantially all the rights and interests in a Letter of Intent ("LOI") between Telferscot Resources Inc. ("Telferscot") and My Wine Canada Inc. ("MWC"). As consideration for acquisition of this LOI, 10557536 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot. The LOI has been assigned a nominal value of $1. Telferscot has an agreement with MWC to develop a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

## Going Concern

The accompanying unaudited interim financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim financial statements. Such adjustments could be material.

As at March 31, 2018, the Company has no source of operating cash flow and had an accumulated deficit of $6,036. Net comprehensive loss for the three months ended March 31, 2018 was $6,036. The Company also had a working capital deficiency of $6,036 as at March 31, 2018. These unaudited interim financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern, namely its ability to generate sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period, is dependent upon its ability to arrange future financing, which is largely dependant upon prevailing capital market conditions, the completion of an anticipated private placement after the end of the reporting period, continued support of its shareholder base and completion of a Qualifying Transaction These unaudited interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

## Quarterly Performance

The following table highlights certain key quarterly financial highlights. Commentary on the selected highlights is included under "Results of Operations" and "Liquidity and Capital Resources".

| | Mar-2018<br>2018 Q1<br>$ |
|---|---|
| **Balance sheet** | |
| Bank overdraft | (36) |
| Working capital (deficiency) | (6,036) |
| Shareholders' deficiency | (6,035) |
| **Income statement** | |
| Total operating expenses | 6,036 |
| Net loss | (6,036) |

## Results of Operations

### Period from December 27, 2017 (date of incorporation) to March 31, 2018

The Company recorded a net loss of $6,036 during the period ended March 31, 2018. Virtually all the costs incurred were management and administration fees incurred during the start-up phase of the Company's operations (see "Related Party Transaction" section below).

## Liquidity and Capital Resources

As at March 31, 2018, the Company had a bank overdraft of $36 and had a working capital deficiency of $6,036. The Company is currently in the process of organizing a non-brokered "seed capital" private placement with a minimum offering of 100,000 units and a maximum offering of 200,000 units (to provide funds to identify and evaluate assets or businesses for completion of a Qualifying Transaction and basic operating costs of a company with ongoing reporting issuer obligations have yet to be finalized). Up to the release date of these unaudited interim financial statements, no subscription agreements have yet been entered into and no cash has yet been received. The purchase price for each unit is expected to be $1.20, with each unit expected to consist of: (i) 10 common shares valued at $0.02 each for total consideration of $0.20, and (ii) 1 redeemable convertible preferred share valued at $1.00 each. Each preferred share is expected to have the following attributes: (i) non-voting, (ii) redeemable by the holder at $1.00 per share within 1 month of closing, and (iii) for a period of 1 month from closing, convertible into (1) 20 common shares, and (2) 10 common share purchase warrants. Each common share purchase warrant will entitle the holder to buy 1 common share at a price of $0.10 for a period up to 2 years from closing.

## Capitalization

The Company has common shares issued (and to be issued) outstanding at each reporting date as follows:

| | **May 30, 2018** | **March 31, 2018** |
|---|---|---|
| Common shares to be issued | - | 2,500,000 |
| Common shares | 2,500,000 | - |

The Company is a reporting issuer in the provinces of British Columbia, Alberta and Manitoba and is subject to the rules and regulations of the relative provincial securities commissions, but its shares do not trade on any stock exchange. The Company was incorporated on December 27, 2017 with the initial common share issued to the incorporator having been cancelled.

As a result of the court approval of the Plan of Arrangement on March 26, 2018, 10557536 will issue 2,500,000 common shares to Telferscot as consideration for the acquisition of the LOI with MWC. These common shares will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot. These "common shares to be issued" were issued to Telferscot on April 5, 2018, and in turn, distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot on April 12, 2018.

## Related Party Transaction

The Company is billed a monthly fee of $2,000 (plus applicable HST) by a company controlled by a director for management and administrative services, including the corporate secretary, the services of the CFO, office rent and regular administrative functions. During the three months ended March 31, 2018, the Company incurred total fees of $6,000. As at March 31, 2018, accounts payable and accrued liabilities include $6,780 in respect of such fees.

## Recently Adopted Accounting Pronouncements

**IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities"** was issued by the IASB in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these unaudited interim financial statements.

## FUTURE ACCOUNTING CHANGES

**IFRS 16 "Leases"** was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Company has adopted IFRS 15, Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all leases contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. If the Company has significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities on adoption of IFRS 16, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine the impact of adopting this standard.

## CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to complete a Qualifying Transaction so that it can provide adequate returns for shareholders. 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 defines capital as total shareholders' equity.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have an effect on the results of operations or financial condition of the Company.

## RISKS AND UNCERTAINTIES

### Proposed Business

The Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash and amounts receivable. It has no history of earnings, and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction.

### No Market or History of Operations

The Company was incorporated on December 27, 2017, has not commenced commercial operations and has no assets other than cash and accounts receivable. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete a transaction.

### Directors' and Officers' Involvement in Other Projects

The directors and officers of the Company will only devote a small portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

### Reliance on Management

The Company is relying solely on the past business success of its directors and officers to identify and complete a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

### Requirement for Additional Financing

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify and complete a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete a transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company and this may result in further dilution to investors, which dilution may be significant and which may also result in a change of control of the Company.

### Foreign Qualifying Transaction

In the event that the management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

### Potential Dilution

The issue of common shares of the Company upon the exercise of the options will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

### Volatile Financial Markets

The volatility occurring in the financial markets is a significant risk for the Company. As a result of the market volatility, investors are moving away from assets they perceive as risky to those they perceive as less so. Issuers like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures and identify, evaluate and close a Qualifying Transaction.