ACASTA ENTERPRISES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

(Expressed in Canadian Dollars)

Acasta Enterprises Inc.
Management's Discussion and Analysis
For the year ended December 31, 2016

QUALIFYING ACQUISITION – SUBSEQUENT EVENTS

On January 3, 2017, Acasta Enterprises Inc. (the "Company") announced the closing of its acquisition of 100% of three businesses (the "Transaction"), as more fully described in the section entitled "QUALIFYING ACQUISITION UPDATE". The Company has acquired two leading private label consumer staples businesses, Apollo Health and Beauty Care Partnership and Apollo Laboratories Inc. (collectively, "Apollo") and JemPak Corporation ("JemPak" and together with "Apollo", the "Consumer Products Platform"), and a best-in-class commercial aviation finance advisory and asset management business, Stellwagen Group ("Stellwagen"). Consideration paid for the transaction consisted of cash, Class B shares of the Company (the "Class B Shares") and, in the case of the Stellwagen Group, contingent consideration in the form of an earn-out.

Concurrent with the closing of the Qualifying Acquisition, the Company completed a private placement of 15,955,050 Class B Shares for aggregate gross proceeds of $159,550,500 (the "Private Placement") from certain of the Company's largest institutional shareholders, new investors, and the Company's founders (the "Founders"). On closing of the Qualifying Acquisition, each of the Class A restricted voting shares of the Company (the "Class A Restricted Voting Shares") not submitted for redemption was automatically converted into a Class B Share. The Class B Shares commenced trading on the Toronto Stock Exchange (the "TSX") on January 6, 2017, concurrent with the delisting of the Class A Restricted Voting Shares.

Following closing of the Qualifying Acquisition and after taking into account (i) the conversion of Class A Restricted Voting Shares into Class B Shares and (ii) the Class B Shares issued as consideration and in connection with the Private Placement, the Company has 92,677,798 Class B Shares outstanding, including 5,221,020 shares that are contingent on the realization of certain events (see "QUALIFYING ACQUISITION UPDATE"). No share purchase warrants of the Company (the "Warrants") were issued in connection with the Qualifying Acquisition or the Private Placement. At the time of this Management's Discussion and Analysis ("MD&A"), there were 20,884,062 Warrants outstanding.

GENERAL

The following discussion of performance, financial condition and future prospects should be read in conjunction with the financial statements ("Financial Statements") of the Company for the year ended December 31, 2016 and the accompanying notes thereto. This MD&A has been prepared with an effective date of March 2, 2017. The Financial Statements of the Company have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts within this report are expressed in Canadian dollars. In addition to reviewing this MD&A, readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

The Company's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results, including comments with respect to the Company's objectives and priorities for 2017 and beyond, and strategies or further actions with respect to the Company, any acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination undertaken by the Company, including the Transaction and the Company's business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Company's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding the Company's business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the sections entitled "Risk Factors" in each of the Company's Annual Information Form dated February 25, 2016 (the "AIF") and the Company's non-offering prospectus dated December 2, 2016 (the "Transaction Prospectus").

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Company. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Company and to not place undue reliance on forward looking statements. Circumstances affecting the Company may change rapidly. Except as may be expressly required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

NATURE OF ACTIVITIES

The Company was incorporated as a special purpose acquisition company on June 19, 2015 under the laws of the Province of Ontario (Canada) for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination. The Company was formed by Acasta Capital Inc. ("Acasta Capital" or the "Sponsor"), a private boutique merchant bank and advisory firm with a wealth of knowledge across diverse industries. On June 19, 2015, Acasta Capital purchased one Class B Share of the Company for $10.

INITIAL PUBLIC OFFERING

On July 30, 2015, the Company closed its initial public offering (the "Offering") of 35,000,000 Class A restricted voting units of the Company (the "Class A Restricted Voting Units") at a price of $10.00 per Class A Restricted Voting Unit for gross proceeds of $350,000,000. On August 5, 2015, the underwriters exercised their over-allotment option to purchase an additional 5,250,000 Class A Restricted Voting Units, at a price of $10.00 per Class A Restricted Voting Unit for gross proceeds of $52,500,000. After these two closings, a total of 40,250,000 Class A Restricted Voting Units were issued for total gross proceeds to the Company of $402,500,000.

Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share and one half of one Warrant. Each full Warrant became exercisable commencing February 2, 2017, being 30 days after the completion of the Qualifying Acquisition, and is exercisable to purchase one Class B Share at an exercise price of $11.50. Each Warrant expires on January 3, 2022. The Company may accelerate the expiry date of the outstanding Warrants by providing 30 days' notice if the closing price of the Class B Shares equals or exceeds $24.00 per Class B Share (as adjusted for stock splits or combinations, stock dividends, extraordinary dividends, reorganizations and recapitalizations) for any 20 trading days within a 30-trading day period. On September 8, 2015, the Company's Class A Restricted Voting Shares and Warrants each commenced trading on the TSX under the symbol "AEF.A" and "AEF.WT", respectively.

Prior to the closing of the Offering on July 22, 2015, the Founders, including directors, advisors, senior officers, the Sponsor and senior officers of the Sponsor purchased a total of 10,442,031 Class B Shares for $25,000 at a price of $0.0024 per Class B Share (the "Founders' Shares"). In addition, concurrently with the closing of the Offering on July 30, 2015, the Founders purchased 1,400,000 Class B units of the Company (the "Class B Units") at an offering price of $10.00 for a total of $14,000,000. Further, on August 5, 2015, the Founders purchased an additional 118,124 Class B Units in connection with the exercise by the Company's underwriters of the over-allotment option at an offering price of $10.00 for a total of $1,181,240. Each Class B Unit consisted of one Class B Share and one-half of one Warrant. Each full Warrant entitles the holder to purchase one Class B Share of the Company at a price of $11.50 during the period beginning on February 2, 2017 and ending on January 3, 2022. In connection with the Private Placement, the Founders acquired an additional 3,000,000 Class B Shares for $10.00 per share, bringing the total Class B Shares owned by the Founders (including the Sponsor) to 14,960,157, including 5,221,020 shares the vesting of which is contingent as described more fully below.

Upon closing of the Offering and the issuance of Class A Restricted Voting Units pursuant to the exercise of the over-allotment option, the Company placed $10.00 per Class A Restricted Voting Unit sold in an escrow account with the Company's escrow agent.

By way of agreement entered into at the time of the Offering (the "Forfeiture Agreement"), 25% of the Founders' Shares held by each Founder would be subject to forfeiture on the fifth anniversary of a Qualifying Acquisition unless the closing share price of the Class B Shares exceeds $13.00 (as adjusted for stock splits or combinations, stock dividends, extraordinary dividends, reorganizations and recapitalizations) for any 20 trading days within a 30-trading day period at any time following the closing of a Qualifying Acquisition (the "Contingent Shares"). Under the terms of the Forfeiture Agreement, the Contingent Shares would be subject to additional transfer restrictions until the $13.00 closing Class B Share price condition is satisfied, at which point they would, if applicable, become subject to the same ongoing restrictions applicable to the other Founders' Shares at that time (which may include escrow restrictions required by the TSX).

QUALIFYING ACQUISITION UPDATE

On November 10, 2016, the Company announced that it had entered into definitive agreements to acquire (1) substantially all of the assets of Apollo, (2) all of the issued and outstanding shares of JemPak and (3) all of the issued and outstanding equity interests of entities comprising the business of Stellwagen. The Transaction constituted the Company's Qualifying Acquisition.

On December 2, 2016, Acasta filed the Transaction Prospectus containing further details of the terms and conditions of the Transaction.

On December 20, 2016, the Transaction was approved by a simple majority (greater than 50%) of the votes cast, in person or by proxy, by the holders of Class A Restricted Voting Shares and Class B Shares voting together as a single class at a special meeting of the Company's shareholders. Regardless of whether shareholders voted for or against, or did not vote on, the Transaction, holders of Class A Restricted Voting Shares could elect to redeem all or a portion of their Class A Restricted Voting Shares at a per-share price of

$10.04, payable in cash, which was equal to their per-share amount deposited in the escrow account, adjusted for interest or other amounts earned and net of applicable taxes payable on such interest and other amounts earned and net of direct expenses related to the redemption (the "Redemption Right"). In connection with the Transaction, 28,454,222 Class A Restricted Voting Shares were redeemed on January 3, 2017, representing an aggregate redemption amount of $285,680,389.

On December 22, 2016, the Company entered into a credit facility agreement conditional on the closing of the Transaction (the "Credit Facility"). The Credit Facility was amended following closing of the Transaction and provides for $50,000,000 and $100,000,000 of revolving and term loan credit capacity, respectively. On January 3, 2017, the Company borrowed $15,000,000 under the revolver and $50,000,000 under the term loan.

The Transaction closed on January 3, 2017, at which time the funds held in the escrow account were released, the borrowings under the Credit Facility were made available to the Company and the Private Placement was completed, which in the aggregate, satisfied the amounts payable on account of (1) the cash component of the purchase consideration arising from the Transaction, (2) Class A Restricted Voting Shares redeemed, (3) transaction related expenses and (4) the deferred underwriters' commission, which was payable by the Company to the underwriters upon the closing of a Qualifying Acquisition. On January 6, 2017, the 11,795,778 Class A Restricted Voting Shares not otherwise redeemed were automatically converted into Class B Shares on a one-for one basis.

The Company acquired substantially all of the assets of Apollo pursuant to an asset purchase agreement. Apollo develops and manufactures private label health and beauty care products for major retailers. The purchase price for Apollo was $393,221,710.

The Company acquired all of the issue and outstanding shares of JemPak pursuant to a share purchase agreement. JemPak develops and manufactures private label dish and laundry detergent products for major retailers. The purchase price for JemPak was $134,589,500.

The Company acquired a 100% interest in the operating entities of Stellwagen pursuant to an equity interests purchase agreement. Stellwagen is a commercial aviation finance advisory and asset management business. The initial purchase price for Stellwagen was $324,829,923. In addition, Stellwagen's vendor is entitled to contingent consideration payable either in 2020, 2021 or 2022, at the election of the vendor, based on the adjusted net income of Stellwagen over a specified threshold during a period of three years ending in 2019, 2020 or 2021, respectively.

The table below summarizes the different components of the consideration paid to the vendors of each of Apollo, JemPak and Stellwagen in connection with the Transaction:

		Apollo		JemPak		Stellwagen		Total
Cash at closing	$	133,750,000	$	67,500,000	$	90,036,592	$	291,286,592
Other cash adjustments at closing		427,354		(410,500)		6,509,151		6,526,005
Subtotal – Cash paid at closing	$	134,177,354	$	67,089,500	$	96,545,743	$	297,812,597
Tax adjustment paid after closing		2,660,396		-		-		2,660,396
Subtotal – Cash consideration	$	136,837,750	$	67,089,500	$	96,545,743	$	300,472,993
Assumed indebtedness		22,500,000		-		-		22,500,000
Class B Shares (at $10 per share)		233,883,960		67,500,000		228,284,180		529,668,140
Total consideration	**$**	**393,221,710**	**$**	**134,589,500**	**$**	**324,829,923**	**$**	**852,641,133**
Number of Class B Shares issued		23,388,396		6,750,000		22,828,418		52,966,814

The Company’s two consumer products businesses, Apollo and JemPak, continue to work on identifying and implementing synergy opportunities, with a priority on procurement, logistics and freight activities. While some leadership changes have been implemented, Acasta is focused on empowering the respective management teams to achieve cost savings within their businesses and to seek and pursue strategic initiatives for enhancing shareholder value.

In connection with the Transaction, the Founders obtained the consent of the TSX to modify the terms of the Forfeiture Agreement such that upon the completion of the Transaction, 50% of the Founders’ Shares held by each Founder (the “Revised Contingent Shares”) will be restricted on the following terms: (i) until January 3, 2018, the Revised Contingent Shares may not be transferred; (ii) for the period from January 3, 2018 to January 3, 2021, the Revised Contingent Shares will only become transferable if (a) the closing share price of the Class B Shares exceeds $15.00 (as adjusted for stock splits or combinations, stock dividends or distributions (including any dividend or distribution of securities of any investment or investee entity of the Company or any reorganization transaction implemented by the Company for the purpose of distributing ownership of any investee entity or business to shareholders of the Company), extraordinary dividends, reorganizations, above market issuer bids and recapitalizations) for any 20 trading days within a 30-trading day period and (b) a realization event (a “Realization Event”), as explained further below, has occurred; and (iii) after January 3, 2021, the Revised Contingent Shares will only become transferable if (a) the closing share price of the Class B Shares exceeds $18.00 (as adjusted for stock splits or combinations, stock dividends or distributions (including any dividend or distribution of securities of any investment or investee entity of the Company or any reorganization transaction implemented by the Company for the purpose of distributing ownership of any investee entity or business to shareholders of the Company), extraordinary dividends, reorganizations, above market issuer bids and recapitalizations) for any 20 trading days within a 30-trading day period beginning after January 3, 2021 and (b) a Realization Event has occurred. In respect of 50% of the Revised Contingent Shares, a Realization Event shall occur if the Company raises a private equity fund of at least $1 billion prior to January 3, 2019. In respect of the remaining 50% of the Revised Contingent Shares, a Realization Event shall occur if the Company achieves a value Realization Event for its investment in its Consumer Products Platform. Such value Realization Event may take the form of a sale to the Company’s planned private equity fund, a strategic merger with other similar businesses, or a separate public listing of the current platform or resultant combined entity.

The remaining Founders’ Shares that are not Revised Contingent Shares will continue to be restricted from transfer until the earlier of: (i) January 3, 2018; and (ii) the closing share price of the Class B Shares equaling or exceeding $12.00 per Class B Share (as adjusted for stock splits or combinations, stock dividends or distributions (including any dividend or distribution of securities of any investment or investee entity of the Company or any reorganization transaction implemented by the Company for the purpose of distributing ownership of any investee entity or business to shareholders of the Company), extraordinary dividends, reorganizations, above market issuer bids and recapitalizations) for any 20 trading days within a 30-trading day period at any time following Closing, subject to applicable securities laws, TSX rules and applicable escrow requirements.

SELECTED ANNUAL INFORMATION

Below is selected information from the statements of comprehensive loss for the year ended December 31, 2016 and the period from inception on June 19, 2015 to December 31, 2015.

	For the year ended December 31, 2016	From inception on June 19, 2015 to December 31, 2015
REVENUES		
Interest income	$ 1,845,023	$ 656,851
EXPENSES AND OTHER ITEMS IN NET LOSS		
Transaction costs	$ -	$ 23,494,053
General and administrative	10,886,301	1,291,939
Net unrealized loss (gain) on changes in fair value of financial liabilities	26,967,500	(16,100,000)
	$ 37,853,801	$ 8,685,992
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ 36,008,778**	**$ 8,029,141**
BASIC AND DILUTED LOSS PER SHARE	**$ 3.85**	**$ 1.09**

RESULTS OF OPERATIONS

Due to the nature of the Company's activities leading up to the completion of the Transaction on January 3, 2017, the results of operations for the year ended December 31, 2016 and from inception on June 19, 2015 to December 31, 2015 may not be directly comparable. For the year ended December 31, 2016, the Company reported a net loss of $36,008,778. This represents a loss of $3.85 per share. The net loss was primarily affected by the following factors:

- Interest income of $1,845,023 earned on restricted cash and cash equivalents held in escrow, which was slightly below expectations due to lower yields on Government of Canada treasury bills;
- General and administrative expenses of $10,886,301, which primarily reflect costs incurred in negotiating, evaluating and conducting due diligence on potential Qualifying Acquisitions, as well as public company costs such as filing and public listing fees; and
- Net unrealized loss of $26,967,500 on changes in the fair value of financial liabilities, which reflects the impact of the increase in the trading price of the Class A Restricted Voting Shares as compared to December 31, 2015.

For the period from inception on June 19, 2015 to December 31, 2015, the Company reported a net loss of $8,029,141. This represents a loss of $1.09 per share. The net loss for the period was primarily affected by the following factors:

- Interest income of $656,851 earned on restricted cash and cash equivalents held in escrow, which was slightly below expectations due to lower yields on Government of Canada treasury bills;
- Transaction costs of $23,494,053 related to the Offering and the exercise of the over-allotment option, which consists primarily of underwriting commissions;
- General and administrative expenses of $ 1,291,939, which primarily reflect costs incurred in negotiating, evaluating and conducting due diligence on potential Qualifying Acquisitions; and
- Net unrealized gain of $16,100,000 on changes in fair value of financial liabilities, which reflects the impact of the reduction in the trading price of the Class A Restricted Voting Shares.

Interest Income

During the year ended December 31, 2016, the Company earned interest income of $1,845,023 relating to the investments in Government of Canada treasury bills. Primarily as a result of the Company completing the Offering on July 30, 2015, the Company earned interest income of only $656,851 during the period from inception on June 19, 2015 to December 31, 2015.

General and Administrative Expenses

General and administrative expenses include costs incurred in connection with negotiating, evaluating and conducting due diligence on potential Qualifying Acquisitions, as well as the general administrative costs of operating the Company. Included in general and administrative expenses are monthly fees of $25,000 payable to Acasta Capital for office space and related services pursuant to an administrative services agreement entered into between the Company and Acasta Capital and reimbursable out-of-pocket expenses incurred by directors, officers and consultants of the Company which are paid for by Acasta Capital in connection with certain activities on the Company's behalf. A summary of the general and administrative expenses incurred for the year ended December 31, 2016 and the period from inception on June 19, 2015 to December 31, 2015 are as follows:

	For the year ended December 31, 2016	From inception on June 19, 2015 to December 31, 2015
Professional fees	$ 9,746,445	$ 969,423
Fees to Acasta Capital pursuant to administrative services agreement	300,000	125,000
Out-of-pocket expenses incurred by Acasta Capital on Company's behalf	293,152	92,843
Insurance	128,344	17,775
Other costs	418,360	86,898
Total general and administrative expense	**$ 10,886,301**	**$ 1,291,939**

Net unrealized gain (loss) on changes in fair value of financial liabilities

The Class A Restricted Voting Shares are subject to redemption at the option of the holder and have been accordingly classified as a financial liability given the characteristics of the financial instrument and the Company's application of the fair value through profit or loss basis of accounting. Consequently, the Company is required to revalue the Class A Restricted Voting Shares on each reporting date and include the changes in the fair value during the reporting period of these financial liabilities in net income or loss. Fair value of the Class A Restricted Voting Shares is determined by the trading price of the underlying securities on the TSX as of the reporting date. For the year ended December 31, 2016, the Company recorded a loss from the change in the fair value of the Class A Restricted Voting Shares of $26,967,500.

SELECTED QUARTELY INFORMATION

Period	Interest income	Transaction costs	General and administrative costs	Net unrealized loss (gain) on change in fair value of financial liabilities	Net income (loss)	Net income (loss) per share
Q4 2016	$ 441,353	$ -	$ 8,811,128	$ 14,892,500	$ (23,262,275)	$ (2.49)
Q3 2016	$ 487,631	$ -	$ 1,241,323	$ 4,830,000	$ (5,583,692)	$ (0.60)
Q2 2016	$ 458,829	$ -	$ 356,001	$ (805,000)	$ 907,828	$ 0.10
Q1 2016	$ 457,210	$ -	$ 477,849	$ 8,050,000	$ (8,070,639)	$ (0.86)
Q4 2015	$ 406,577	$ -	$ 661,361	$ (4,427,500)	$ 4,172,716	$ 0.45
Q3 2015	$ 250,274	$ 23,494,053	$ 630,578	$ (11,672,500)	$ (12,201,857)	$ (1.49)

SELECTED BALANCE SHEET INFORMATION

	As at December 31, 2016	As at December 31, 2015
Restricted cash and cash equivalents held in escrow:		
Cash held in trust account	$ 405,001,874	$ -
Government of Canada Treasury Bills	-	403,151,671
Accrued interest	-	5,180
Total	**$ 405,001,874**	**$ 403,156,851**
Per Class A Restricted Voting Shares subject to redemption	**$ 10.06**	**$ 10.02**
Number of Class A shares outstanding	40,250,000	40,250,000
Cash held outside of escrow	$ 187,259	$ 3,095,608

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

As at December 31, 2016, a total of $405,001,874 was held in escrow in cash. This escrow balance represents the funds raised upon the issuance of Class A Restricted Voting Units plus interest earned on the balance. In accordance with the terms of the Offering, all amounts raised through the issuance of the Class A Restricted Voting Units were deposited into the escrow account and could only be released upon certain prescribed conditions.

As at December 31, 2016, the Company had cash excluding restricted amounts held in the escrow account totaling $187,259, which is available to fund its ongoing working capital requirements. The Company anticipates generating negative cash flows from operating activities until the Company generates cash flows provided by operations following the Transaction. In connection with the Transaction, the Company acquired approximately $6.7 million in cash.

As described further in the section entitled “QUALIFYING ACQUISITION UPDATE”, the Company acquired three businesses in January 2017, the completion of which constituted the Company’s Qualifying Acquisition and provided for the release of the restricted cash and cash equivalents previously held in escrow. Such funds were used in part to satisfy the amounts payable on account of (1) the cash component of the purchase consideration arising from the Transaction, (2) Class A Restricted Voting Shares redeemed, (3) transaction related expenses and (4) the deferred underwriters’ commission.

The Company has not entered into any off-balance sheet financing arrangements and has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets. Further, the Company has no contractual or purchase type of obligations other than those reported in the Company’s statement of financial position as of December 31, 2016.

DISCLOSURE OF ISSUED AND OUTSTANDING SHARE AND WARRANT INFORMATION

The following table sets forth information concerning the issued and outstanding number of securities of the Company as at March 2, 2017:

Class B Shares	92,677,798
Warrants	20,884,062
Total	**113,561,860**

RELATED PARTY TRANSACTIONS

Transactions with Acasta Capital include a payment of $25,000 (plus applicable taxes) per month for office space and related services pursuant to an administrative services agreement entered into between the Company and Acasta Capital and reimbursement of out-of-pocket expenses incurred by directors, officers and consultants of the Company which were paid by Acasta Capital in connection with certain activities on the Company's behalf, including identifying possible business targets and Qualifying Acquisitions. Amounts incurred under the administrative services agreement during the year ended December 31, 2016 and the period from inception on June 19, 2015 to December 31, 2015 is $300,000 and $125,000, respectively, and are included in general and administrative expenses. The agreement with Acasta Capital terminated by its terms on the closing of the Transaction on January 3, 2017.

During the year ended December 31, 2016 and the period from inception on June 19, 2015 to December 31, 2015, Acasta Capital incurred $293,152 and $92,843 (plus applicable taxes), respectively, in certain expenses that have been or will be reimbursed by the Company. Such expenses include out-of-pocket reimbursement of travel costs, along with other costs. Each of the monthly fee and reimbursable costs are classified as general and administrative costs in the Company's statements of comprehensive loss.

The following table sets out the related party transactions of the Company for the year ended December 31, 2016 and the period from inception on June 19, 2015 to December 31, 2015:

		For the year ended December 31, 2016		From inception on June 19, 2015 to December 31, 2015
Fees pursuant to the administrative services agreement with Acasta Capital	$	300,000	$	125,000
Out-of-pocket expenses incurred by Acasta Capital on Company's behalf		293,152		92,843
Total	**$**	**593,152**	**$**	**217,843**

As of December 31, 2016, $423,003 (December 31, 2015 - $143,636) is due to Acasta Capital. Amounts due to related party are currently non-interest bearing and are payable no later than the closing of a Qualifying Acquisition. The fair value of the amounts due to a related party approximates their carrying amount.

At December 31, 2016, Acasta Capital, together the Company's Founders owned 11,960,156 Class B Shares, representing 22.91% of the Company's issued and outstanding shares, including the Company's Class A Restricted Voting Shares.

There has been no direct remuneration paid to the Company's directors or officers since inception.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Actual results could differ significantly from these estimates.

The Company's accounting policies and its standards of financial disclosure are in accordance with IFRS and have been applied consistently throughout the period presented in this MD&A, unless otherwise stated. Our significant accounting policies are fully described in Note 3 to our audited financial statements for the year ended December 31, 2016 ("financial statements") which are available on SEDAR at www.sedar.com. Certain accounting policies are particularly important to the reporting of our financial position and results of operations, and require the application of significant judgment by our management. We believe that there have been no significant changes in our critical accounting estimates for the year ended December 31, 2016 from the financial statements.

Newly Adopted Standards

The following are new standards, amendments and interpretations that were adopted by the Company beginning effective January 1, 2016:

- *Amendments to IAS 1, Presentation of Financial Statements ("IAS 1").* The Company was required to adopt amendments to IAS 1, which includes amendments to further encourage companies to apply judgment in determining what information to disclose in their financial statements for annual periods beginning on or after January 1, 2016. Management has concluded that the amendments to IAS 1 had no impact on the Company's financial statements.

- *Amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7").* The Company was required to adopt amendments to IFRS 7, requiring increased disclosure regarding derecognition of financial assets and the continuing involvement accounting in connection with servicing contracts for annual periods beginning on or after January 1, 2016. Management has concluded that the adoption of the amended IFRS 7 had no impact on the Company's financial statements.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective

Certain new standards, amendments and interpretations have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 that the Company has decided not to early adopt, as applicable. The following are standards, amendments and interpretations that may be relevant to the Company in preparing its financial statements in future periods:

- *Amendments to IAS 7, Statement of Cash Flow ("IAS 7")*. The Company will be required to adopt amendments to IAS 7, requiring disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes for annual periods beginning on or after January 1, 2017. Management is currently evaluating the potential impact, if any, that the adoption of IAS 7 will have on the Company's financial statements.

- *Amendments to IAS 12, Income Taxes ("IAS 12")*. The Company will be required to adopt amendments to IAS 12 in its financial statements for annual periods beginning on or after January 1, 2017. This amendment clarifies the deferred tax treatment for debt instruments and the determination of 'future taxable profit' for the recognition of deferred tax assets. The amendments clarify that the existence of a deductible temporary difference on debt instruments measured at fair value are dependent solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Management is currently evaluating the potential impact, if any, that the adoption of IAS 12 will have on the Company's financial statements.

- *IFRS 9, Financial Instruments ("IFRS 9")*. IFRS 9 sets out requirements for the classification and measurement of financial assets and financial liabilities. The new standard specifies that financial assets are to be measured at either amortized cost or fair value on the basis of the reporting entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial liabilities designated at fair value through profit or loss remain generally unchanged; however, fair value changes attributable to changes in the Company's own credit risk for financial liabilities designated at fair value through profit or loss are to be recorded in other comprehensive income unless they offset amounts recorded in income. IFRS 9 introduces a new single impairment model for financial assets. The new model is based on expected credit losses will result in credit losses being recognized regardless of whether a loss event has occurred. The expected credit loss model will apply to most financial instruments not measured at fair value, with the most significant impact being to loans. The expected credit loss model requires the recognition of credit losses based on a 12-month time horizon for performing loans and also requires the recognition of lifetime expected credit losses for loans that experience a significant deterioration in credit risk since inception. IFRS 9 also introduces a new hedge accounting model that expands the scope of eligible hedged items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. The new model no longer specifies quantitative measures for effectiveness testing and does not permit hedge de-designation. IFRS 9 is effective for the Company's fiscal year commencing on January 1, 2018. Early adoption is permitted for the entire standard. Additionally, the own credit risk presentation requirements can be early adopted prior to adopting the other requirements of IFRS 9. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 9 will have on the Company's financial statements.

- *IFRS 15, Revenue from Contracts with Customers ("IFRS 15")*. IFRS 15 replaces the existing standards for revenue recognition. The new standard establishes a framework for the recognition and measurement of revenue generated from contracts with customers, with the exception of revenue earned from contracts that are within the scope of other standards, such as financial instruments, insurance contracts and leases. The new standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from transactions with the Company's customers. IFRS 15 is effective for the Company's fiscal year beginning January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 15 will have on the Company's financial statements.

- *IFRS 16, Leases ("IFRS 16")*. IFRS 16 provides guidance for leases whereby lessees will recognize a liability for the present value of future lease liabilities and record a corresponding right of use asset on the balance sheet. IFRS 16 is effective for the Company's fiscal year beginning January 1, 2019. Early adoption is permitted, provided IFRS 15 has been adopted. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's financial statements.

CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. As at December 31, 2016, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Internal controls over financial reporting ("ICFR"):

Management is responsible for designing and maintaining internal controls over financial reporting as defined under National Instrument 52-109. As at December 31, 2016, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these internal controls and procedures was effective in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that its objectives are met. Due to inherent limitations in all systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute assurance that the objectives of our control systems have been met.

MANAGING RISK

For a description of the risks facing the Company following closing of the Transaction, see the Transaction Prospectus which is available on SEDAR at www.sedar.com. These risks described in the Transaction Prospectus should be considered by interested parties when evaluating the Company's performance and its outlook.

March 2, 2017
Toronto, Ontario