ROCKY MOUNTAIN LIQUOR INC

Ticker: “RUM”

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the period ended September 30, 2015

As at November 16, 2015

ROCKY MOUNTAIN LIQUOR INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis is dated November 16, 2015.

The following is a discussion of the consolidated financial condition and operations of Rocky Mountain Liquor Inc. ("RML" or the "Company") for the periods indicated and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the interim unaudited consolidated financial statements and accompanying notes of the Company for the period ended September 30, 2015. The Company owns 100% of Andersons Liquor Inc. ("Andersons") headquartered in Edmonton Alberta, which owns and operates private liquor stores in that province.

The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the consolidated financial statements unless otherwise stated.

Throughout this management discussion and analysis ("MD&A") references are made to "EBITDA", "operating margin", "operating margin before non-recurring items", "operating margin as a percentage of sales", and other "Non-IFRS Measures". A description of these measures and their limitations are discussed below under "Non-IFRS Measures". See also "Risk Factors" discussed below.

Additional information relating to the Company, including all other public filings is available on SEDAR (www.sedar.com) and on the Company's website www.ruminvestor.com.

FORWARD LOOKING INFORMATION AND STATEMENTS ADVISORY

This management discussion and analysis contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "might" and similar expressions is intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this management discussion and analysis contains forward-looking information and statements pertaining to the following: (i) the stability of retail liquor sales; (ii) the ability to acquire additional liquor stores and/or locations; (iii) increased revenues and margins due to tax increase, (iv) the ability to purchase inventory at a discount, (v) ongoing impact from price inflation, (vi) potential exercise of warrants, (vii) equity issuance and (viii) other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. All statements other than statements of historical fact contained in this management's discussion and analysis are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed or recent acquisitions and the benefits to be derived there from, and plans and objectives of or involving the Company.

The forward-looking information and statements contained in this management discussion and analysis reflect several material factors, expectations and assumptions including, without limitation: (i) demand for adult beverages; (ii) the ability to acquire additional liquor stores and/or locations; (iii) the Company's ability to secure financing to suit its growth strategy; (iv) the integration risk and requirements for the purchase or development of liquor stores; (v) the Company's future operating and financial results; (vi) treatment under governmental regulatory regimes, tax, and other laws; and (vii) the ability to attract and retain employees for the Company.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information or statements including, without limitation: (i) impact of economic events affecting discretionary consumer spending; (ii) ability to obtain required financing to continue growth strategy; (iii) changes in Government regulation of the retail liquor industry; (iv) impact from competition in the market's where the Company operates; (v) ability to source locations and acquisitions for growth strategy; (vi) actions by governmental or regulatory authorities including changes in income tax laws and excise taxes; (vii) the ability of the Company to retain key personnel; (viii) the Company's ability to adapt to changes in competition; (ix) the impact of supplier disruption or delays; (xi) the maintenance of management information systems; (xii) the impact of increases in labour costs, shortages or labour relations; (xiii) the impact of weather on its effect on consumer demand, (ix) the ability to raise capital, and (x) the ability to complete construction projects.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward looking information and statements contained in this discussion and analysis speak only as of the date of this management discussion and analysis, and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

KEY OPERATING AND FINANCIAL METRICS

Key Operational and Financial Highlights, year over year 3 month comparison:

- Net income increased to $388,511 (2014 - $318,173)
- Sales decreased to $13.3M (2014 - $15.3M)
- Gross margin percentage increased to 26.5% (2014 – 23.6%)
- Operating margin decreased to $802,077 (2014 - $987,665)
- EBITDA decreased to $791,471 (2014 - $988,531)

Key Operational and Financial Highlights, year over year 9 month comparison:

- Net income increased to $375,704 (2014 – $9,849)
- Sales decreased to $37.4M (2014 - $42.2M)
- Gross margin percentage increased to 25.9% (2014 – 23.0%)
- Operating margin decreased to $1.6M (2014 - $1.7M)
- EBITDA decreased to $1.6M (2014 – $1.7M)

OUTLOOK

On October 27, 2015, the Government of Alberta announced an increase in liquor mark-up rates of 24-cents per litre on spirits, wine and refreshment beverages, and 5-cents per litre for beer. The new rates were effective as of October 28, 2015 and this is the second increase in liquor taxes for 2015. As we experienced earlier this year, this will likely result in increased contribution margin for the Company for the remainder of the fiscal year as the sales prices to consumers on inventory purchased prior to the increase were raised in early November. Given this is the second price increase for consumers in Alberta this year, if it results in lower consumption or substitution for lower margin products this may result in revenue and contribution decreases. Past experience has shown a net beneficial impact to the Company's earnings.

The Government of Alberta raised minimum wage by $1.00 on October 1, 2015, which is a 9.8% increase to $11.20. They have announced an intention to raise minimum wages to $15.00 by 2018. While none of our team members receive minimum wage, increases place upward pressure on wage costs across the industry and is expected to create an increased salary cost for the Company.

Currently, lower prices for oil and natural gas are having an impact on the Alberta economy and employment levels. The effects of reduced capital expenditures in these sectors may lead to further increased levels of unemployment, as well as changes in population growth. The Provincial Government has announced in it recent budget a 15% increase in capital spending over the next 5 years to build and repair infrastructure. This is forecasted by the government to offset some of the employment losses as the Alberta economy recovers. Employment in Alberta fell by 11,000 in October 2015. The unemployment rate in the province was up 2.2 percentage points to 6.6%[1]. Further declines in the Alberta economy will likely impact consumer spending and could result in lower revenue for the Company.

The decrease in value of the Canadian dollar may have an impact on the Company should pricing of US imports be increased to compensate for the exchange rate. Most suppliers are multi-national firms and to date we have not incurred significant price changes relating to American made products relative to the reduction in value of the Canadian dollar.

[1] Statistics Canada -"Labour Force Survey – October 2015" Retrieved November 10 from http://www.statcan.gc.ca/daily-quotidien/151106/dq151106a-eng.htm

One new greenfield store is expected to open in the 4th quarter in Northern Alberta. Management will continue to assess individual store performance and some stores may be sold or closed. Proceeds from any sales will be applied to reduce debt.

The Company has an available $10 million credit facility of which $5.1 million is unused. Management believes this is sufficient for the successful execution of our business plan. Since inception, interest payments on our convertible debenture (RUM.DB) have been paid with available cash and Management believes the Company will have sufficient cash flow and financial facilities to make future interest payments.

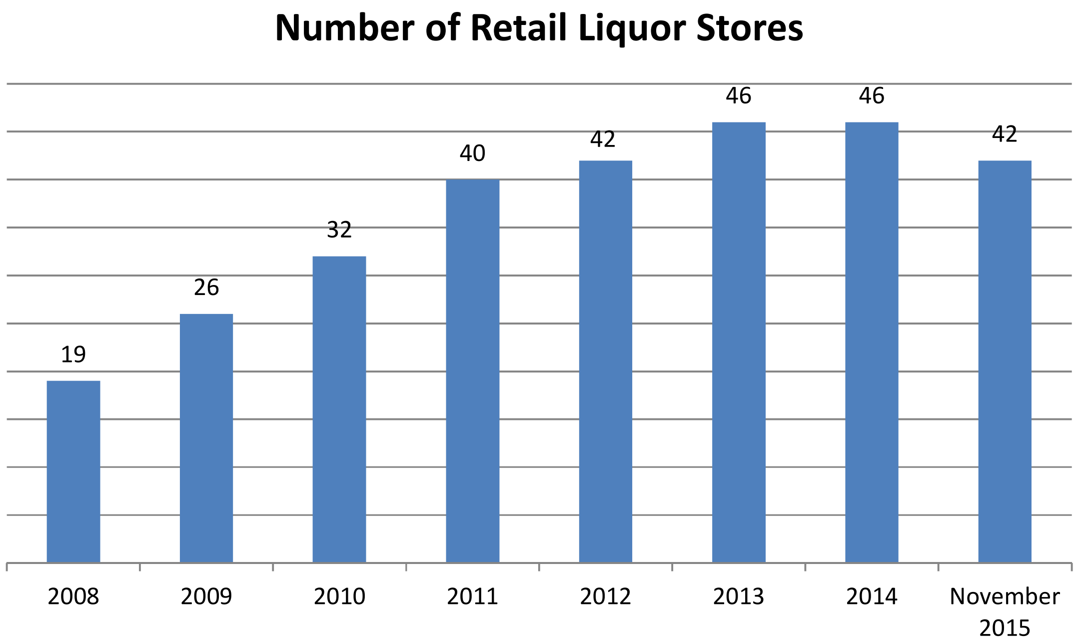
The Company issued $9.2 million in Convertible Debentures in April 2011. The maturity date of the Debentures is April 30, 2016. Given that the maturity date of the Debentures is less than 12months, they are now carried as current debt on the Company's balance sheet. In anticipation of the maturity date, Management is currently assessing options to address this obligation. The company has a Normal Course Issuer Bid in effect to repurchase up to 10% of its debenture. As of the end of the current quarter the liability of the debenture has been reduced by $425,407. More purchases of the debenture and a further reduction of the liability are expected in Q4.

OVERVIEW OF ROCKY MOUNTAIN LIQUOR INC

The Company is an incorporated Company established under the laws of the Canada Business Corporations Act with its common shares ("shares") trading on the TSX Venture Exchange under the symbol ("RUM"). RML is the parent to wholly owned subsidiary Andersons Liquor Inc. ("Andersons").

Andersons, headquartered in Edmonton, Alberta, owns and operates private liquor stores in that province. Alberta is the only province in Canada that has a fully privatized retail distribution system for adult beverages. The product mix generally offered by Andersons at its retail stores includes beer, spirits, wine and ready to drink liquor products, as well as ancillary items such as juice, ice, mix and giftware. Andersons has focused on store operations while pursuing an active acquisition strategy to acquire additional stores within the Alberta market, focusing largely outside of the major urban centres.

As of November 16, 2015 Andersons operated and owned 42 stores. In Q3 the Company sold two stores in Central Alberta and one store in Southern Alberta. The sale of stores resulted in a gain recognized on the Consolidated Statements of Comprehensive Income of $119,679, and closing costs of $30,218 in the period. Management previously announced a store closure in Q2 2015 upon expiry of the lease.



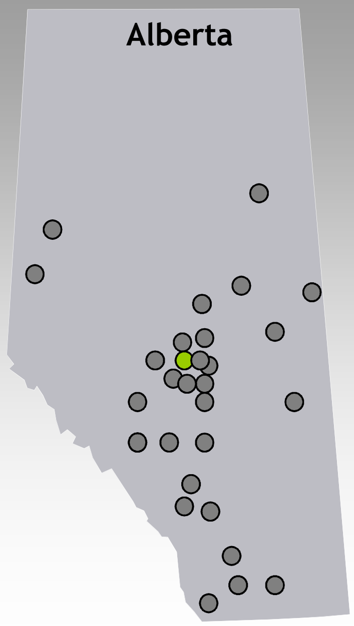
Andersons operates 42 liquor stores in Alberta where there are approximately 1,376 liquor stores and 92 general merchandise liquor stores as at August 31, 2015[2]. The primary drivers of liquor store sales are location, convenience, and range of product selection. Management of the Company believes that price and service also play a role in the competitive market. The Company has therefore pursued an acquisition strategy that closely analyzes the location of retail operations, including the location of any competition. The Company has focused on locations largely outside of the major urban centers (Edmonton and Calgary) and on specific sites with maximum traffic and minimal competition. In addition, the Company has integrated inventory and warehousing systems into its retail operations, allowing it to take advantage of procurement opportunities.

Andersons operates 12 stores in Northern Alberta, 19 stores in Central Alberta and 11 stores in Southern Alberta.

[2] Alberta Gaming and Liquor Commission-"Quick Facts Liquor – August 2015" Retrieved October 28, 2015 from http://aglc.ca/pdf/quickfacts/quickfacts_liquor.pdf

Locations

- Head Office and Distribution Centre - Edmonton
- Retail locations



Athabasca	2
Beaumont	3
Calgary	1
Claresholm	1
Cochrane	1
Devon	2
Didsbury	1
Drayton Valley	1
Edmonton	2
Fairview	1
Fort Macleod	1
Fort McMurray	1
Gibbons	1
Grande Prairie	1
Lac La Biche	1
Lethbridge	5
Millet	1
Morinville	2
Nisku	1
Pincher Creek	1
Red Deer	2
Rocky Mountain House	2
St. Paul	3
Stony Plain	1
Sylvan Lake	2
Wetaskiwin	1
Wainwright	1
	42

AWARDS FOR GROWTH

Alberta Venture 250 – 1-year gross revenue in Alberta

The Company was ranked in the Alberta Venture 250, recognizing Alberta's highest grossing companies, for the fourth year, based on 2014 results. The ranking published in the September 2015 issue of Alberta Venture Magazine and online at albertaventure.com/venture-250 was evaluated on the 2014 revenue of Andersons, a wholly owned subsidiary of the Company.

Profit 500 – 5-year growth in Canada

The Company was ranked in the 27^{th} annual PROFIT 500 ranking of Canada's Fastest-Growing Companies by PROFIT Magazine in September 2015 based on 2014 results. The award was evaluated on the five-year growth of Andersons, a wholly owned subsidiary of the Company. The rankings were published in the September issue of PROFIT and online at PROFITguide.com. The PROFIT 500 is Canada's largest annual celebration of entrepreneurial achievement. This is the fifth consecutive year the Company has received an award from PROFIT Magazine.

BUSINESS STRATEGY

Margin Focus

The Company is constantly monitoring and examining its gross margins. The Company's strategy is to find the optimal gross margin to implement at each individual store based on the store's geographical location, consumer base and competitors. We apply various marketing and promotional strategies at stores to engage customers.

Differentiation: Product, Operations, and Management Information Systems

Through the use of the Andersons warehousing and distribution capability, management will continue to focus on product optimization by providing more product choices for its customers. Through the use of management information systems, Andersons will derive efficiencies and continue its efforts in providing operational effectiveness.

Growth - New Stores

The Company's strategy is to grow by increasing the number of customer transactions as well as through new store development and acquisitions. Andersons is actively exploring opportunities to acquire and/or develop stores in Alberta. The province of Saskatchewan is currently undergoing a consultation process on the future of liquor store retailing. Of the five options being explored one is a slow transition to private liquor stores and another is an Alberta-style privatization of all liquor stores. Management will continue to assess potential acquisitions and store development opportunities for their ability to add accretive cash flow and shareholder value.

Technology

There have been no significant changes to the Company's discussion of technology it implements from its most recent year-end. For a detailed discussion, refer to the Company's annual MD&A for the year-ended December 31, 2014.

Stable Business

Andersons operates in a stable business environment. The business is largely cash-based with alcohol-based products accounting for approximately 99% of total sales as of September 30, 2015.

Financing

The Company has financed its growth with the issuance of shares, the issuance of convertible debentures and through available credit facilities.

FINANCIAL MEASURES

Maintenance Capital Expenditures

In order to maintain its productive capacity, the Company incurs expenses for routine maintenance, invests and upgrades information systems and replaces assets as required.

Net Change in Non-cash Working Capital

In the first quarter of 2015, anticipating a potential mark-up on liquor in the Government of Alberta Budget 2015 released March 26, 2015, the Company increased its inventory purchases. This resulted in a decrease in non-cash working capital for the nine months in 2015 compared to 2014. As a result of selling through this inventory, non-cash working capital increased in the three month period for 2015. The Company closely analyzes the product mix at all stores and modifies available inventory at stores to meet the needs of the customers.

MANAGEMENT TEAM

Peter Byrne, President, CEO	Mr. Byrne is the President, Chief Executive Officer and co-founder of RML and previously has been Chief Executive Officer and Chairman of the Board of Channel Drugs Limited, a private company that owned and operated the PharmaCare franchise until its sale in 2004.
Allison Radford, COO	Mrs. Radford is the Chief Operating Officer of RML and prior to joining Andersons, she worked at Deloitte & Touche LLP from 2002 to 2007, receiving her Chartered Accountant designation in 2005.
Sarah Stelmack, CFO	Ms. Stelmack articled at Deloitte & Touche LLP from 2005 to 2008 receiving her Chartered Accountant designation in 2008. Ms. Stelmack previously held the position of Controller with RML.

OPERATING RESULTS - 3 Months ending September 30, 2015

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half. It is key to note that given the changes in the composition of stores of the Company, historical performance does not reflect the annualized performance from recently acquired liquor stores.

The following table shows the operating results of the Company for the three month period ending September 30, 2015 and 2014.

Period	3 months ending Sep 2015		3 months ending Sep 2014	
Sales	$ 13,295,174	100.00%	$ 15,299,134	100.00%
Gross margin	3,523,550	26.50%	3,608,007	23.58%
Operating and administrative expense	2,721,473	20.47%	2,620,342	17.13%
Operating Margin (1)	$ 802,077	6.03%	$ 987,665	6.46%
Non-recurring Items (1)	-	0.00%	-	0.00%
Operating Margin before non-Recurring Items (1)	$ 802,077	6.03%	$ 987,665	6.46%
Annual Incentives (2)	42,625	0.32%	25,058	0.16%
Operating Margin before non-Recurring Items (1) and Annual Incentives (2)	$ 844,702	6.35%	$ 1,012,723	6.62%
Stores at Period End	42		46	

Notes:

(1) *Operating Margin and Operating Margin before non-recurring expenses has been calculated as described under "Non-IFRS Measures”*

(2) *Annual Incentives include bonuses paid to management and executives, and employee share savings plan benefits*

Sales

Sales represent the combination of adult beverages including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Total sales for the three month period ended September 30, 2015 were $13.3 million. Sales are lower than the same quarter in 2014 due the closure of one store and the sale of three stores, and a decrease in commercial liquor services sales as a result of management’s decision to reduce the number of accounts it services. There has also been a slowdown in the economy in Alberta which has affected sales in certain rural markets where Energy is the dominant industry.

Cost of Goods Sold and Gross Margin

Margins have increased from 23.6% to 26.5% as compared to this quarter last year. This is mainly due to a change in the marketing and promotional strategy at stores resulting in higher margins. The increase is also partially due to an increase in the ratio of retail sales to licensee sales, as retail sales have higher margins.

Operating and Administrative Expenses

The major expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the three month period ended September 30, 2015 were $2.72 million, compared to $2.62 million for the same period in 2014. The rise is attributable to increased repair costs to maintain store assets, and salary expenses relating to employees who were on leave for the majority of the third quarter in 2014.

Operating Margin

Operating margin as a percent of sales is 6.03% for the three months ending September 30, 2015 compared to 6.46% for the same quarter in 2014. The decrease is attributable to the fixed occupancy costs that were incurred as well as the temporary salary reduction in the third quarter of 2014.

Finance Costs

Interest on bank indebtedness, bank loan and convertible debentures decreased from $320,546 for the three months ending September 30, 2014 to $235,442 for the same period in 2015. The reduction is due to reduced interest rates on the bank loan as negotiated in the renewed financing agreement as well as reduced interest expense for convertible debentures repurchased by the Company and subsequently cancelled in the period.

OPERATING RESULTS - 9 Months ending September 30, 2015

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half. It is key to note that given the changes in the composition of stores of the Company, historical performance does not reflect the annualized performance from recently acquired liquor stores.

The following table shows the operating results of the Company for the nine month period ending September 30, 2015 and 2014;

Period	**9 months ending Sep 2015**		**9 months ending Sep 2014**	
Sales	$ 37,389,443	100.00%	$ 42,182,678	100.00%
Gross margin	9,701,396	25.95%	9,714,010	23.03%
Operating and administrative expense	8,053,111	21.54%	7,974,159	18.90%
Operating Margin (1)	$ 1,648,285	4.41%	$ 1,739,851	4.12%
Non-recurring Items (1)	-	0.00%	11,431	0.03%
Operating Margin before non-Recurring Items (1)	$ 1,648,285	4.41%	$ 1,751,282	4.15%
Annual Incentives (2)	103,875	0.28%	77,087	0.18%
Operating Margin before non-Recurring Items (1) and Annual Incentives (2)	$ 1,752,160	4.69%	$ 1,828,369	4.33%
Stores at Period End	42		46	

Notes:

(1) *Operating Margin and Operating Margin before non-recurring expenses has been calculated as described under "Non-IFRS Measures"*

(2) *Annual Incentives include bonuses paid to management and executives, and employee share savings plan benefits*

Sales

Sales represent the combination of adult beverages including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Total sales for the nine month period ended September 30, 2015 were $37.4 million. Sales are lower than the same period in 2014 due to a decrease in commercial liquor service sales as a result of management's decision to reduce the number of accounts it services. In addition, there has also been a slowdown in the Economy in Alberta which has affected sales in certain rural markets where Energy is a dominant industry.

Cost of Goods Sold and Gross Margin

Margins have increased from 23.0% to 25.9% as compared to the same period last year. This is mainly due to a change in the marketing and promotional strategy at stores resulting in higher margins. In addition, inventory purchased before the Provincial tax markup increase at the end of Q1 and sold throughout the remainder of the period resulted in an increase in margin percentage. The increase is also partially due to an increase in the ratio of retail sales to licensee sales, as retail sales have higher margins.

Operating and Administrative Expenses

The major expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the nine month period ended September 30, 2015 were $8.05 million, compared to $7.97 million for the same period in 2014. The rise is attributable to increased repair costs to maintain store assets, and salary expenses relating to employees on leave for the majority of the first three quarters in 2014, offset by decreases in merchant fees relating to lower sales.

Operating Margin

Operating margin as a percent of sales increased to 4.41% for the nine months ending September 30, 2015 from 4.12% for the same quarter in 2014. The increase is attributable to the increase in gross margin as a percent of sales in the period.

Finance Costs

Interest on bank indebtedness, bank loan and convertible debentures decreased from $971,902 for the nine months ending September 30, 2014 to $810,412 for the same period in 2015. The reduction is mainly due to reduced interest rates on the bank loan as negotiated in the renewed financing agreement as well as reduced interest expense for convertible debentures repurchased by the Company and subsequently cancelled in the period.

CONDENSED QUARTERLY INFORMATION

Expressed in (000's)	2015			2014				2013
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
# stores end of period	42	45	46	46	46	46	46	46
Sales	13,295	13,659	10,436	13,767	15,299	15,194	11,690	14,764
Net comprehensive income (loss)	389	307	(321)	13	318	175	(483)	(43)
Basic income per share	0.01	0.01	(0.01)	0.00	0.01	0.00	(0.01)	0.00
Diluted income per share	0.01	0.01	(0.01)	0.00	0.01	0.00	(0.01)	0.00

LIQUIDITY AND CAPITAL RESOURCES AS OF SEPTEMBER 30, 2015

Shareholders' Equity

On September 1, 2015 the Company announced a normal course issuer bid ("NCIB") to repurchase its common shares. The Company is authorized to repurchase for cancellation up to 5% of the issued and outstanding common shares which equals 2,889,889 common shares. The NCIB began Sep 3, 2015 and expires on September 2, 2016.

During the three month period ended Sep 30, 2015, the Company repurchased 162,000 common shares for aggregate consideration of $9,665. All common shares repurchased under the NCIB are subsequently cancelled.

Authorized: Unlimited number of common shares

Issued and outstanding:

	Number		Amount
Outstanding Dec 31, 2014	57,797,788	$	4,774,481
Repurchased and cancelled	162,000		17,237
Outstanding Sep 30, 2015	**57,635,788**	**$**	**4,757,244**

Warrants

The following tables summarize information about warrants:

	Number of warrants		Exercise price
Outstanding Dec 31, 2013	1,000,000	$	0.3675
Expired Nov 24, 2014	(1,000,000)	$	(0.3675)
Outstanding Dec 31, 2014 and Sep 30, 2015	-		-

Options

The following table summarizes information about options:

	Participant	# of options	Exercise price $
Outstanding Dec 31, 2013	Directors Stock Option Plan	150,000	0.220
Expired Oct 12, 2014	Directors Stock Option Plan	(150,000)	(0.220)
Outstanding Dec 31, 2014 and Sep 30, 2015		**-**	**-**

Convertible Debentures

On April 13, 2011 the Company completed a financing of $9,200,000 in convertible unsecured subordinated debentures resulting in net proceeds of $8,662,365. The Debentures bear interest at an annual rate of 7.75% payable semi-annually in arrears on April 30 and October 31 in each year, commencing October 31, 2011 and mature April 30, 2016. The Debentures are convertible into common shares of the Company at a conversion price of $0.50 per Common Share.

On December 11, 2014 the Company announced an NCIB to repurchase its Debentures. The Company is authorized to repurchase for cancellation up to $920,000 of the principal amount, representing 10% of the issued and outstanding Debentures. The NCIB began December 15, 2014 and expires on December 14, 2015. As at September 30, 2015 the Company had repurchased $434,000 principal amount of the Debentures for an aggregate consideration of $332,051. All Debentures repurchased under the NCIB are subsequently cancelled.

Credit Facilities

On September 30, 2015 the Company had a bank agreement with lender, TD for a $10 million uncommitted, revolving demand credit facility. This agreement is not subject to any monitoring ratios. Current utilization of the facility is $4.9 million.

As of September 30, 2015, the Company had $425,130 of cash on hand. The $10 million Facility was drawn at $4.7 million. With total credit of $10 million less net utilization of $4.3 million, the Company had access to $5.7 million under its Credit Facility at September 30, 2015.

Capital Expenditures

The Company will continue to pursue acquisition opportunities and opportunities to open new stores. Moderate capital investments that reduce energy consumption, and capital investments primarily in technology that will improve efficiencies by reducing salary and administration expenses are also planned.

Liquidity Risk

The Company uses a variety of sources of capital to fund acquisitions, new store development and ongoing operations, including cash provided by operations, bank indebtedness, and issuance of new equity or debt instruments or a combination thereof. The decision to utilize a specific alternative is dependent upon capital market conditions and interest rate levels. The degree to which the Company is leveraged may impact its ability to obtain additional financing for working capital or to finance acquisitions.

To manage liquidity risk, the Company is proactive with its review of the capital structure. Management believes the Company currently has the resources to meet obligations as they come due. The Company does not have any financing leases as defined by IFRS.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, loans receivable and accounts receivable.

The Company maintains its cash and cash equivalents with a major Canadian chartered bank and local Alberta credit unions.

The risk for loans receivable is low as the Company has a general security agreement for the value of the outstanding balance.

The risk for accounts receivable is that a wholesale customer of Andersons might fail to meet its obligations under their credit terms. The Company, in its normal course of operations, is exposed to credit risk from its wholesale customers in Alberta whose purchases represent approximately 6% of the Company's sales. Risk associated with respect to accounts receivable is mitigated by credit management policies. Historically, bad debts from these accounts have been insignificant. For the period nine month period ending September 30, 2015, $14,326 (2014- $38) in bad debts were recorded. The Company is not subject to significant concentration of credit risk with respect to its customers; however, all accounts receivables are due from organizations in the Alberta hospitality industries. In order to reduce credit risk, the Company has reduced the number of commercial accounts it services.

Interest Rate Risk

The Company's credit facility bears interest at prime plus 1.25% or bankers acceptance plus 2.75% per annum. Changes in the floating interest rate represent a risk to the Company.

As a result of a more favorable interest rate with bankers acceptances through its loan with a Canadian Chartered bank, Management has $4.5 million in a three month bankers acceptance at 3.75% fixed. Under its agreement with the Canadian Chartered bank, monies loaned outside a bankers acceptance are applied a rate of price plus 1.25%. In October 2015 $500,000 of the bankers acceptance was repaid, leaving a balance of $4 million.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at September 30, 2015 or November 16, 2015.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

There are no updates to the Company's critical accounting judgements, estimates and assumptions. For further discussion, refer to the Company's annual MD&A for the year-ended December 31, 2014.

CHANGES IN ACCOUNTING POLICIES

There were no new accounting standards adopted in the period. See Note 2 of the interim consolidated financial statements for the period ending September 30, 2015 for further information.

FINANCIAL INSTRUMENTS

For cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and bank loan, the carrying value approximates fair value due to the short-term nature of the instruments.

The loans receivable have a fair value equivalent to the carrying value.

The interest rate swap has a fair value equivalent to the carrying value and is calculated on a mark to market basis.

The convertible debenture has a fair value equivalent to the carrying value, as the discount rate remains unchanged.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the three month period the Company paid rents of $15,240 (2014 - $14,797) and for the nine month period ending September 30, 2015, $45,720 (2014 – $44,391), in respect of two retail liquor stores to privately held companies in which Peter J. Byrne, CEO of RML is a significant shareholder. The rent is at market rates.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company’s disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and include controls and procedures designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

Disclosure Controls and Procedures

There have been no changes in the design of the Company`s disclosure controls and procedures or internal control over financial reporting that occurred during period ended September 30, 2015 that have materially affected, or are a reasonably likely to materially affect the Company’s disclosure controls and procedures or internal control over financial reporting.

a) The venture issuer is not required to certify the design and evaluation of the issuer’s Disclosure Controls Procedures (“DC&P”) and Internal Control over Financial Reporting (“ICFR”) and has not completed such an evaluation; and

b) Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

The Company's results of operations, business prospects, financial condition, and the trading price of the Shares are subject to a number of risks. These risk factors include: impact due to economic conditions; regulated competitive environment; impact of convertible debenture maturity; reliance on key personnel; acquisition growth strategy and development risks; labour costs and labour market, weather; market volatility and unpredictable share price; supply interruption or delay; impact from provincial tax increases; available financing; importance of inventory and Enterprise Fulfillment Centre ("EFC"); credit facility covenants; active trading market.

For a discussion of these risks and other risks associated with an investment in Shares, see "Risk Factors" detailed in the Company's Management Discussion and Analysis dated April 22, 2015, which is available at www.sedar.com.

NON-IFRS MEASURES

Operating margin for purposes of disclosure under "Operating Results" has been derived by subtracting Operating and Administrative expenses from Gross Margin. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin before non-recurring items has been derived by adding non-recurring items to operating margin. Non-recurring items include costs incurred and recoveries received by the Company that are not part of on-going operations and that are not expected to recur. Operating margin before non-recurring items as a percentage of sales is calculated by dividing operating margin before non-recurring items by sales.

Operating margin operating margin as a percentage of sales and operating margin before non-recurring items are calculated in tables under sections "Operating Results – 3 Months" and "Operating Results - 9 Months."

EBITDA is defined as the net income of the Company plus the following: interest expense, provision for income taxes, depreciation, amortization, mark to market adjustments on financial instruments, non-cash items such as stock based compensation expense and issue costs of securities, deferred taxes, write down of goodwill, gain on repurchase of convertible debentures, gain on repurchase of common shares, and other restructuring charges for store closures. EBITDA is also less any non-recurring extraordinary or one-time gains or losses from any capital asset sales. Management believes that, in addition to income or loss, EBITDA is a useful supplemental measure of performance.

Period	3 months ended Sep 2015	9 months ended Sep 2015	3 months ended Sep 2014	9 months ended Sep 2014
Net comprehensive income	$ 388,511	$ 375,704	$ 318,173	$ 9,849
Income tax expense	136,269	132,000	106,326	3,551
Interest expense	233,590	773,362	302,953	918,351
Depreciation	181,008	495,233	159,003	551,431
Unrealized gain on interest rate swap	-	(45,977)	(23,218)	(68,884)
Gain on repurchase of convertible debenture	(57,649)	(111,599)		-
Gain on repurchase of common shares	(7,572)	(7,572)	-	-
Amortization of convertible debenture costs	1,852	83,027	40,811	122,435
Store closure expenses	30,218	40,343	3,106	70,783
(Gain) Loss on disposal of property and equipment	(114,756)	(92,089)	81,377	118,302
EBITDA	**$ 791,471**	**$ 1,642,432**	**$ 988,531**	**$ 1,725,818**

Operating margin, operating margin as a percentage of sales, operating margin before non-recurring items, operating margin before non-recurring items as a percentage of sales and EBITDA are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that operating margin, operating margin as a percentage of sales, and EBITDA should not replace net income or loss (as determined in accordance with IFRS) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's method of calculating operating margin, operating margin as a percentage of sales, and EBITDA may differ from the methods used by other issuers. Therefore, the Company's operating margin, operating margin as a percentage of sales, and EBITDA may not be comparable to similar measures presented by other issuers.