



ROCKY MOUNTAIN LIQUOR INC

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2015

As at April 27, 2016

ROCKY MOUNTAIN LIQUOR INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis is dated April 27, 2016.

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 audited consolidated financial statements and accompanying notes of the Company for the year ended December 31, 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; (x) the maintenance of management information systems; (xi) the impact of increases in labour costs, shortages or labour relations; (xii) 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:

- Gross margin percentage increased to 24.9% (2014 – 23.0%)
- Sales decreased to \$11.9M (2014 - \$13.8M)
- Operating margin decreased to \$381,100 (2014 - \$563,005)
- EBITDA decreased to \$256,323 (2014 - \$552,996)
- Net (loss) income is (\$87,763) (2014 - \$13,393)

Key operational and financial highlights, year over year 12 month comparison:

- Net income increased to \$287,941 (2014 – \$23,242)
- Gross margin increased to 25.7% (2014 – 23.0%)
- Sales decreased to \$49.3M (2014 - \$55.9M)
- EBITDA decreased to \$2.0M (2014 – \$2.3M)
- Operating margin decreased to \$2.0M (2014 – \$2.3M)

RECENT DEVELOPMENTS SINCE PERIOD ENDED DECEMBER 31, 2015

On April 1, 2016 the Company announced that the holders of its 7.75% convertible unsecured subordinated debentures due April 30, 2016 approved the proposed amendments to the debentures. As a result, the maturity date will be extended to April 30, 2021, the conversion price will reduce to \$0.25 from \$0.50, and the coupon rate will be reduced to 7.50%. The Company has also announced its intention to redeem on a prorata basis 15% of the principal amount of the amended debentures on or about June 10, 2016.

Subsequent to December 31, 2015, the Company has entered into an agreement to sell one store in Southern Alberta. The sale is scheduled to be completed by Q3 2016.

OUTLOOK

Economic conditions in Alberta continue to be effected by the historic reduction in oil prices. The province experienced declining GDP in 2015 and is expected to experience a further reduction in 2016. Employment is forecasted to fall in the current year and an 8.0%¹unemployment rate is anticipated. Consumer spending will continue to reduce and is not expected to surpass 2014 levels until 2018². The company anticipates further consumer substitutions for lower priced products and reduced customer traffic resulting in downward pressure on sales.

The Alberta government remains committed to raising minimum wage rates. Our company pays its team members in excess of minimum wage however the increases will place upward pressure on wage costs across the industry and is expected to result in increased salary costs. Due to economic conditions and the expectation of increased competitive pressures, an increase in expenses is likely in 2016.

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 does not intend to curtail investment in enhancements to its industry leading enterprise resource systems.

On April 30th 2016 the Company's subordinated, redeemable convertible debenture will be extended with a reduction in coupon rate to 7.50% from 7.75. It is our intention to further reduce the outstanding amount owing under the debenture. The original amount of the debenture in April 2011 was \$9.2 million dollars. As a result of repurchases under normal course issuer bids and an intended partial redemption this year, the expected balance outstanding at June 10, 2016 will be \$6.9 million or less. Further purchases may be continued under normal course issuer bids dependent on market conditions and approval by the TSX Venture Exchange.

Due to the maturity date of the Debentures being less than 12 months at fiscal year-end 2015 and the end of Q1 2016 , the debentures are now carried as current debt on the Company's balance sheet. In the Q2 2016 statements, as a result of the new maturity date of April 2021, the debentures will be disclosed again as long term debt. The Company is proceeding with its budgeting based on the positive effect on working capital the longer maturity date has provided. The Company has an available \$10 million revolving credit facility of which \$4.4 million was unused as of December 31, 2015. Management believes this is sufficient for the successful execution of our business plan.

¹Alberta Government - "Economic Outlook" Retrieved April 19, 2016 from <http://www.alberta.ca/budget-economic-outlook.cfm>

²Alberta Government - "The Alberta Jobs Plan – Budget 2016" Retrieved April 19, 2016 from <http://www.finance.alberta.ca/publications/budget/budget2016/fiscal-plan-economic-outlook.pdf>

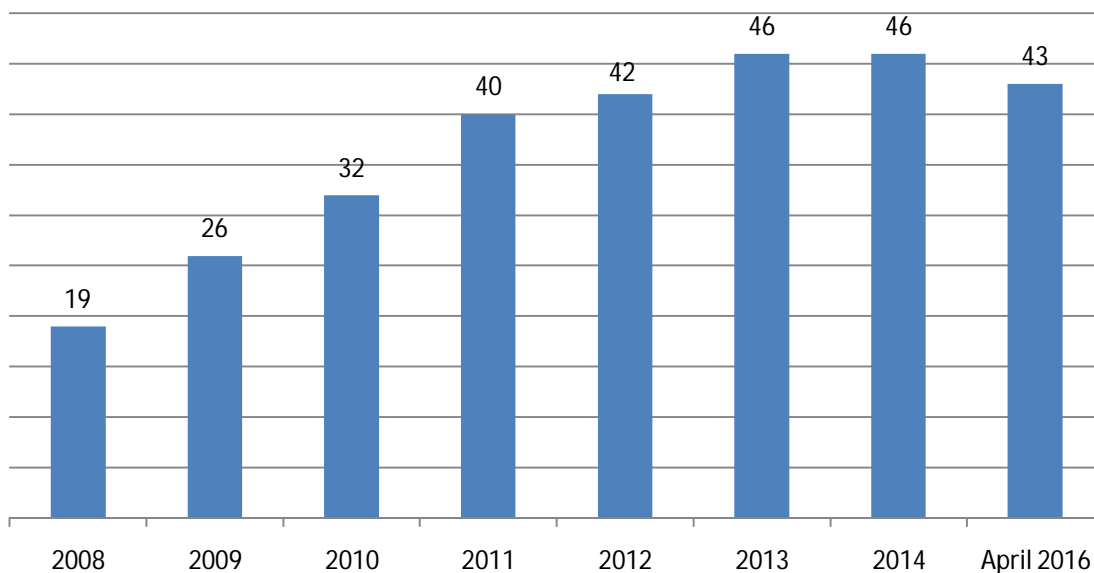
OVERVIEW OF THE COMPANY

The Company is incorporated 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.

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 April 27, 2016 Andersons operated and owned 43 stores. In Q4 the Company opened a new store in Northern Alberta. During the year the Company closed one store and sold three stores, resulting in a gain on the sale of the stores of \$13,944 and closing costs of \$41,945.

Number of Retail Liquor Stores

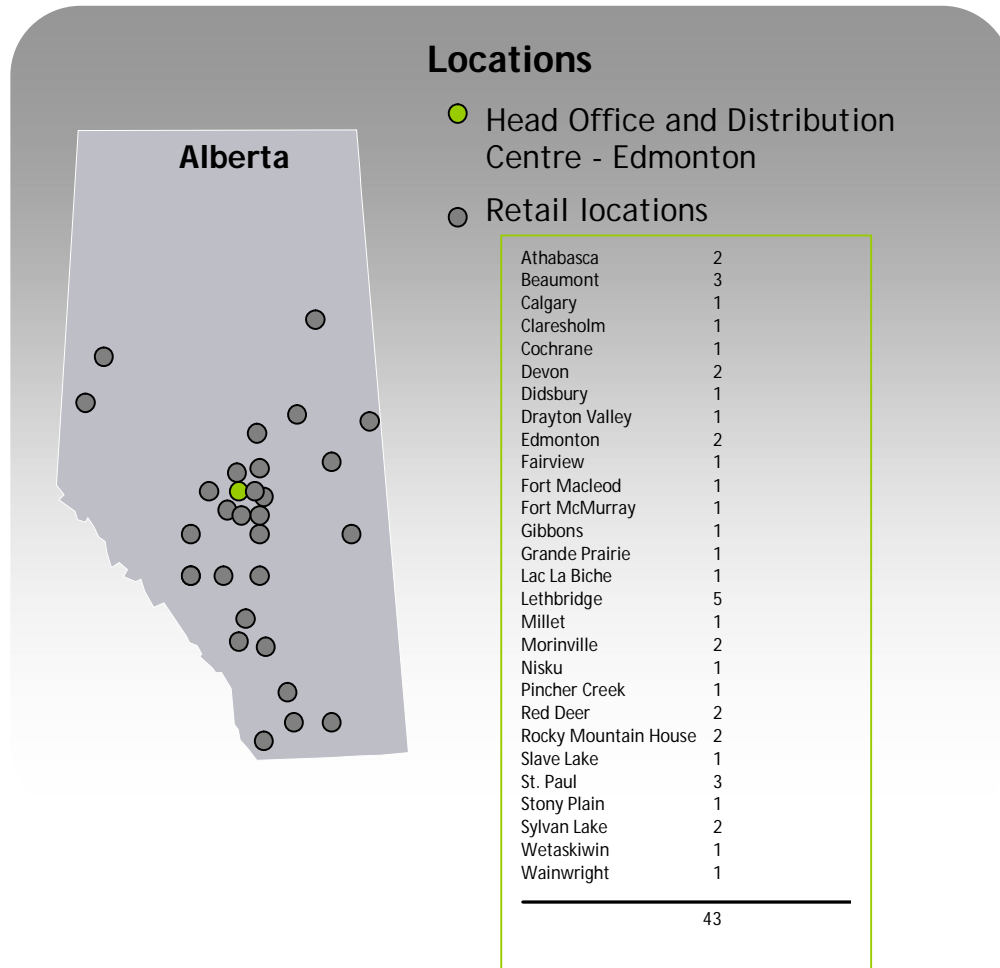


Andersons operates 43 liquor stores in Alberta where there are approximately 1,402 liquor stores and 96 general merchandise liquor stores as at December 31, 2015³. The primary drivers of liquor store sales are location, convenience, and range of product selection. Management of the Company believes that 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

³Alberta Gaming and Liquor Commission-"Quick Facts Liquor – February 2016" Retrieved March 28, 2016 from http://aglc.ca/pdf/quickfacts/quickfacts_liquor.pdf

inventory and warehousing systems into its retail operations, allowing it to take advantage of procurement opportunities.

Andersons operates 13 stores in Northern Alberta, 19 stores in Central Alberta and 11 stores in Southern Alberta.



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.

Profit 500 – 5-year growth in Canada

The Company was ranked in the 27th 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. 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.

Technology

The Company utilizes a combination of third party and custom designed applications for point of sale, reconciliation, accounting, business intelligence and reporting. We maintain our own internal Information Technologies support staff and programmers. Hardware at store locations is serviced by a contract with an external supplier we have been using since 2004. Their onsite work is co-supervised by our support staff.

All our applications run on Windows operating systems both at the store and enterprise level. Laptop and remote services, like scanning tools, use a combination of virtual private network and terminal services to interface from outside our enterprise security perimeter. To increase certainty and scalability, and to allow for future growth of stores, management has outsourced our enterprise servers and installed software based, automated data replication servers at each store location. These replication servers require no additional investment in computer hardware. We have installed an enterprise data-container capable of containing and reporting on two billion transactions in an SQL data container. The transition will not affect current systems which will continue to operate in tandem with the new database focus. Our current systems are not overloaded but we are being proactive in developing platforms that allow us more flexibility in the future.

We are concentrating on producing a robotic data environment where automation software is used to push reporting output on a regular and timely basis to store level, operations level and enterprise level. Social platforms are likely to play a larger function in future marketing and operations. The ability to accommodate change will be network-centric. We are focused on having an industry leading enterprise network.

All our time and attendance systems are cloud based and integrated with our web based payroll system. The system is business rules based. All our employees receive their pay records in a secure cloud based, self-service environment. Currently they can use their own devices or Company devices to access their current and historic information. The efficiencies we realize from the integration of the two processes allowed us to reduce and manage administrative and overhead costs.

Our custom designed and outsourced software drives efficiencies in our warehouse and enterprise distribution systems. This approach is a custom form of Enterprise Resource Planning (ERP). We use ERP to automate forecasting replenishment and receiving of inventories, providing efficient and lower cost distribution and transportation management, as well as reducing administration costs and latency. Our goal is to have the right products, in sustainable quantities, with service levels consistently over 95%, on our shelves at the right time.

At store level we have multiple redundancies that allow our point of sale systems to operate in a non-network or non-enterprise dependent manner. Our stores are able to continue operations autonomously. Our redundant infrastructure has provided us with uptime of almost 100% since the wholly owned subsidiary Andersons began operations in 2001. Notwithstanding the lack of downtime, the system is designed so that any one liquor store experiencing connectivity constraint will not affect any other liquor store in the enterprise.

The Company has had continued success integrating its store acquisitions into its existing retail system, thereby validating management's strong belief in the efficiency and effectiveness of the Company's operational systems.

The Company's approach to risk planning for its information technology systems encompasses risk assessment, risk mitigation, periodic evaluation and assessment as well as daily automated logging and reporting of system performance. In this way our technology investment remains aligned with operational goals. Our key operational leaders and our support staff have regular reviews on a weekly basis. This direct collaboration and timely accountability results in improvements in existing technologies, and ideas for new automated processes.

We believe we have an industry leading technology base that has consistently and safely achieved gains in our integrated capabilities.

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. 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.

Stable Business

Andersons operates in a stable business environment. The business is largely cash-based with alcohol-based products accounting for approximately 98% of total sales as of December 31, 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

Non-cash working capital has increased due to increases in the inventory on hand offset by reductions in accounts receivable and income taxes recoverable in the year. 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 articulated 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 December 31, 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 December 31, 2015 and 2014.

Period	3 months ending		3 months ending	
	Dec 2015		Dec 2014	
Sales	\$ 11,925,839	100.00%	\$ 13,767,071	100.00%
Gross margin	2,969,254	24.90%	3,160,064	22.95%
Operating and administrative expense	2,588,154	21.70%	2,597,059	18.86%
Operating Margin (1)	\$ 381,100	3.20%	\$ 563,005	4.09%
Non-recurring Items (1)	6,947	0.06%	-	0.00%
Operating Margin before non-Recurring Items (1)	\$ 388,047	3.25%	\$ 563,005	4.09%
Annual Incentives (2)	15,000	0.13%	23,117	0.17%
Operating Margin before non-Recurring Items (1) and Annual Incentives (2)	\$ 403,047	3.38%	\$ 586,122	4.26%
Stores at Period End	43		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 December 31, 2015 were \$11.9million. Sales are lower than the same quarter in 2014 due the closure of one store and the sale of three stores, offset by the opening of one new store. 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 23.0% to 24.9% as compared to this quarter last year. This is due to a change in the marketing and promotional strategy at stores resulting in higher margins, as well as management's ability to purchase inventory when the cost has been reduced by the suppliers. 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 December 31, 2015 were \$2.59 million, compared to \$2.60 million for the same period in 2014. Operating and administrative expenses have remained consistent.

Operating Margin

Operating margin as a percent of sales is 3.20% for the three months ending December 31, 2015 compared to 4.09% for the same quarter in 2014. The decrease is attributable to fixed occupancy costs when comparing it to the decline in sales of \$1.84M.

Finance Costs

Interest on the bank loan and convertible debentures decreased from \$304,466 for the three months ending December 31, 2014 to \$214,093 for the same period in 2015. The reduction is due to reduced interest expense on the convertible debentures repurchased by the Company and subsequently cancelled in the year.

OPERATING RESULTS - 12 Months ending December 31, 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 rapid expansion 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 year ended December 31, 2015 and 2014:

Period	12 months ending Dec 2015		12 months ending Dec 2014	
Sales	\$ 49,315,282	100.00%	\$ 55,949,749	100.00%
Gross margin	12,670,650	25.69%	12,874,074	23.01%
Operating and administrative expense	10,641,265	21.58%	10,571,218	18.89%
Operating Margin (1)	\$ 2,029,385	4.12%	\$ 2,302,856	4.12%
Non-recurring Items (1)	6,947	0.01%	11,431	0.02%
Operating Margin before non-Recurring Items (1)	\$ 2,036,332	4.13%	\$ 2,314,287	4.14%
Annual Incentives (2)	118,875	0.24%	100,204	0.18%
Operating Margin before non-Recurring Items (1) and Annual Incentives (2)	\$ 2,155,207	4.37%	\$ 2,414,491	4.32%
Stores at Period End	43		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 year ended December 31, 2015 were \$49.3 million. Sales are lower than the same period in 2014 due to the sale of three stores, and the closure of an additional store in the year, offset by the opening of one store in Q4. As well, there is a decrease in commercial liquor service 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 a dominant industry.

Cost of Goods Sold and Gross Margin

Margins have increased from 23.0% to 25.7% 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 as well as management's ability to purchase inventory when the cost has been reduced by the suppliers. There was an increase in Q1 attributable to the purchase of inventory prior to the mark-up on liquor as per the Government of Alberta Budget in March 2015. The increase is also partially due to an increase in the ratio of retail sales to licensee sales based on management's decision to decrease the commercial liquor service sales. Retail sales have higher margins than licensee sales.

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 years ended December 31, 2015 and 2014 were consistent at \$10.6 million.

Operating Margin

Operating margin as a percent of sales remained consistent at 4.12% for the year ended December 31, 2015. The increase in gross margin percentage offsets the increases in operating expenses as a percentage of sales.

Finance Costs

Interest on the bank loan and convertible debentures decreased from \$1.29M for the year ended December 31, 2014 to \$1.02M 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 on the convertible debentures repurchased by the Company and subsequently cancelled in the year.

CONDENSED QUARTERLY INFORMATION

Expressed in (000's)	2015				2014			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
# stores end of period	43	42	45	46	46	46	46	46
Sales	11,926	13,295	13,659	10,436	13,767	15,299	15,194	11,690
Net comprehensive income (loss)	(88)	389	307	(321)	13	318	175	(483)
Basic income per share	(0.01)	0.01	0.01	(0.01)	0.00	0.01	0.00	(0.01)
Diluted income per share	(0.01)	0.01	0.01	(0.01)	0.00	0.01	0.00	(0.01)

CONDENSED ANNUAL INFORMATION

Expressed in (000's)	2015	2014	2013	2012
# stores end of period	43	46	46	42
Sales	49,315	55,950	55,916	54,639
Net comprehensive income	288	23	208	192
Total assets	22,494	22,747	24,720	23,748
Total liabilities	14,704	15,176	17,172	16,408
Basic income per share	0.00	0.00	0.00	0.00
Diluted income per share	0.00	0.00	0.00	0.00

LIQUIDITY AND CAPITAL RESOURCES AS OF DECEMBER 31, 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. The NCIB began September 3, 2015 and expires on September 2, 2016.

During the year ended December 31, 2015, the Company repurchased and cancelled 864,000 common shares for aggregate consideration of \$50,050. \$91,930 was a reduction to share capital and \$41,880 was recorded as an addition to contributed surplus.

Authorized: Unlimited number of common shares

Issued and outstanding:

	Number	Amount
Outstanding Dec 31, 2013 and 2014	57,797,788	\$ 4,774,481
Repurchased and cancelled	864,000	91,930
Outstanding Dec 31, 2015	56,933,788	\$ 4,682,551

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 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 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 upon.

On December 11, 2014 the Company announced an NCIB to repurchase its convertible debentures. The Company is authorized to repurchase for cancellation up to \$920,000 of the principal amount, representing 10% of the issued and outstanding amount. The NCIB began December 15, 2014 and expired on December 14, 2015. On December 15, 2015 the Company announced another NCIB to repurchase the convertible debentures. The Company is authorized to repurchase for cancellation up to \$844,100 of the principal amount, representing 10% of the issued and outstanding amount. The NCIB began December 15, 2015 and expires on April 30, 2016, at maturity.

For the year ended December 31, 2015 the Company had repurchased and cancelled \$927,000 principal amount of the debentures for an aggregate consideration of \$710,133. \$908,646 was a reduction to the liability component, \$18,354 was recorded as a reduction to the equity component, \$11,552 was charged to interest expense and \$228,419 was recorded as a gain to the consolidated statement of comprehensive income

Credit Facilities

On December 31, 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 \$5.9 million.

As of December 31, 2015, the Company had \$862,726 of cash on hand. The \$10 million Facility was drawn at \$5.6 million.

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 year ended December 31, 2015, \$29,416 (2014- \$11,441) 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 manages its interest rate risk through credit facility negotiations and by identifying upcoming credit requirements based on strategic plans.

The Company pays interest at prime plus 1.25% or bankers acceptances plus 2.75% per annum. At December 31, 2015 the Company has \$4.0M of its bank loan in bankers acceptances.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at December 31, 2015 or April 27, 2016.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated statement of financial position are discussed below.

Estimates:

Inventory

Management has estimated the value of inventory based upon their assessment of the realizable amount less selling costs. No inventory has been identified as requiring a write down.

Taxation

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Assumptions underlying the composition of deferred tax assets and liabilities include estimates of future results of operations and the timing of reversal of temporary differences as well as the tax rates and laws in place at the time of the expected reversal.

Impairment of goodwill

At each reporting date, the Company assesses whether there are any indicators of impairment for all non-financial assets. Goodwill is tested for impairment annually to determine if their carrying amounts may not be recoverable.

A discounted cash flow method is used to determine the cash generating units ("CGU") value in use. The discounted cash flow model is based on calculations and projections from financial budgets prepared by management. A discount rate range of 7.32% - 8.14%, which is the

Company's weighted average cost of capital, was used. Budgeted gross margin was based on past performance. Growth rates were forecasted to be 0.25% - 1.0% based on industry statistics.

An increase in the discount rate to approximately 9.38% would reduce the recoverable amount of the CGU to its carrying value.

Useful lives of property and equipment

Management has estimated the useful lives of property and equipment as outlined further in this note based on their assessment of the time frame in which these assets will be used by the Company.

Business combinations

The allocation of the purchase price for acquisitions involves determining the fair values assigned to the tangible and intangible assets acquired. Goodwill is calculated based on the purchase price less the fair value of the net tangible assets. Fair value of the net tangible assets is based on market price of similar assets.

Convertible debentures

To determine the equity versus liability portion of the convertible debentures issued, management engaged a valuator to estimate the discount rate required for calculation of the net present value of future cash flows which determined the liability component. Detailed information with respect to key assumptions used in determining fair value of financial instruments is discussed in Note 24 to the consolidated financial statements.

Share based compensation

The fair value of options granted is estimated using the Black-Scholes option pricing model. The key factors involve, but are not limited to, the expected share price volatility and the contracted option life. These assumptions may differ from actual results due to changes in economic conditions. Shares purchased in the employee share purchase plan are based on fair value at time of purchase.

Judgments:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Cash-generating units

The determination of CGU was based on management's judgment and was determined to be each retail location based on their independent cash inflows. Management monitors goodwill at a group of CGUs level as the synergies of multiple locations operating under a common regulatory environment are realized across all related retail locations.

CHANGES IN ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING STANDARDS ISSUED BUT NOT YET IN EFFECT

Financial Instruments

The IASB has completed a final version of IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. This standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. The Company does not believe this will have a significant impact on its disclosure.

Revenue from Contracts with Customers

The IASB issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), which supersedes the IASB's current revenue recognition and guidance including IAS 18 "Revenue" and IAS 11 "Construction Contracts". It provides a single principle-based five-step model to use when accounting for revenue arising from contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018. The Company does not believe this will have an impact on its recognition of revenue.

Leases

The IASB issued IFRS 16, "Leases" ("IFRS 16"), which replaces IAS 17 "Leases". It sets out the principles for recognition, measurements, presentation and disclosure of leases for lessees and lessors. IFRS 16 requires entities to recognize lease assets and lease obligations on the consolidated statement of financial position, removing the classification of leases as either operating or finance, treating them all as finance with limited exceptions for short term or low value leases. This standard is effective for annual periods beginning on or after Jan 1, 2019, with early adoption permitted if IFRS 15 has been adopted. The Company has not yet determined the impact of this new standard.

FINANCIAL INSTRUMENTS

For cash and cash equivalents, accounts receivable, 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, and are carried at the prevailing interest rate. 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 - \$15,240) and for the year ended December 31, 2015, \$60,960 (2014 - \$59,631), 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 are defined below;

Impact due to Economic Conditions

The Company's financial results for fiscal 2015 and future periods are subject to numerous uncertainties, such as changes in the economy which influence consumer spending and consumer confidence. The Alberta energy sector is facing an economic slowdown due to weak oil and natural gas prices. This has resulted in higher than anticipated unemployment levels and a reduction in the migration to Alberta. The Province has seen an increase to personal taxes in 2015 which may result in a reduction to consumer spending. The most recent Provincial budget released in April 2016 indicates a continued decline in GDP and employment rates throughout 2016. Inflation and interest rates could impact disposable income and reduce spending in this sector.

Regulated Competitive Environment

The primary focus of the Company has been in rural markets, thus most of its competitors are local single store operators. Competition in these markets focus on product offering, location, and service.

New entrants into local markets can affect the Company. Liquor stores in urban centers are subject to by-law restrictions limiting relocation opportunities. Rural communities where the Company primarily operates do not generally have these restrictions.

Privatization of retail distribution in Alberta is highly competitive. In Alberta, the Company competes with other local single store operators, local and regional chain operators, and liquor stores associated with national grocery store chains. The current regulatory regime in Alberta has attempted to create a level playing field for operators. Any change in this regulatory regime could adversely affect the Company's business and operations.

Regulatory decisions by the Alberta Gaming and Liquor Commission ("AGLC") can impact the operations of the Company. All liquor stores are currently operated pursuant to licenses issued by the AGLC, which must be re-applied for annually. The AGLC has discretion in the granting or revocation of a license to operate a liquor store.

The Company will also evaluate opportunities to enter into other Provincial markets. However, there is no assurance that the Company will be able to obtain all permits, licenses and other regulatory approvals necessary to be able to enter the market in the event that such an opportunity becomes available. Moreover, even if the Company is successful in entering the market, there is no assurance that the regulatory environment will not change in ways that could adversely affect the operations and financial results of the Company or its ability to participate in other provincial markets.

Impact from Provincial Tax Increases

Tax changes have an effect on sales earnings and results of operations as higher prices could impact consumer demand or behaviors. On March 27, 2015 the Government of Alberta increased liquor mark-ups by 22 cents per litre on most products, with the exception of mid-sized breweries where the increase on those products is 11 cents per litre. Additionally on October 28, 2015 the Government of Alberta increased liquor mark-ups again by 24 cents per litre on most products, and 5 cents per litre on beer. Going forward, the risk remains that the Government could increase tax on alcohol-based products further.

Market Volatility and Unpredictable Share Price

The underlying value of the Company's business may not always be reflected in the share price. Nor can such trading price be predicted accurately. The share price could be influenced by a number of other factors including but not limited to general market conditions, quarterly operating results, interest rates, availability of credit, a thin trading market, overall industry outlook, investor confidence, and others.

Weather

Weather conditions can impact consumer demand, especially in summer months when customer counts are typically higher than other months. If weather deteriorates over a prolonged period during those months, it may have a material adverse effect on the Company's operating results.

Acquisition Growth Strategy and Development Risks

Acquisitions have been and will continue to be a key part of the Company's growth strategy. The Company expects to continue to selectively seek strategic acquisitions in Alberta and will evaluate acquisition opportunities in other Provinces. Growth will be a factor in the number of available acquisition targets, the Company's resources and the Company's ability to obtain financing.

Future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities. The Company may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. The Company's failure to effectively address any of these issues could adversely affect its results of operations, financial condition and ability to service debt.

Additional risks associated with acquisitions may include:

- operational integrations,
- human resources,
- compliance with policies and procedures,
- retention of employees,
- conversion of IT systems,
- market intelligence,
- business efficiencies,
- possession and leasehold interest,
- administration capacity,
- liabilities from purchases of businesses and/or assets.

The development of new stores bears many of the same risks as acquisitions and includes costs to complete and possible project delays.

Additional risks associated with development of new stores may include:

- contractual risks,
- construction overruns,
- compliance with municipal regulations
- compliance with lease
- project delays
- receipt of required permits

The Company performs intensive due diligence and computer modeling of each potential acquisition or new store development. Our objective is to identify business targets that are easily converted to our business model. Management works with all parties involved to ensure that the risks above are mitigated where possible. The Company has an experienced acquisition and development team that includes internal and external advisors.

Importance of Inventory, and Enterprise Fulfillment Centre (“EFC”)

The Company's integrated inventory, and distribution systems are important to the enhancement of operations. If the Company is unable to maintain its own inventory and distribution systems or fails to adequately upgrade these systems, the Company's margins could be affected by limiting the selection of product and deep discounts available. The Company has the ability to mitigate this risk through conventional methods by using existing delivery system through AGLC. The Company's point of purchase system is capable of operating the supply chain through internal or external sources.

Supply Interruption or Delay

The majority of the alcohol based products are distributed through Connect Logistics Services Inc. and Brewers Distributor Ltd. Any significant disruption in the supply chain for either of these businesses could result in a material adverse effect on the operations of the Company.

The Company's EFC distribution system is capable of supplying the Company's stores with inventory product, which would lessen the impact from any disruption.

Reliance on Key Personnel

The continued success of the business of the Company will depend upon the abilities, experience and personal efforts of senior management of the Company, including their ability to attract and retain skilled employees. The loss of the services of such key personnel could have an adverse effect on the business, financial condition and future prospects of the Company.

Labour Costs and Labour Market

The Company's business depends on a large number of both hourly and salaried employees. Changes in the general conditions of the employment market could affect the ability of the Company to hire or retain staff at current wage levels. With a slowdown in the economic conditions in Alberta, risks of reduced labour availability have decreased. On October 1, 2015 Alberta's minimum wage increased by \$1.00 to \$11.20 per hour. The current Government of Alberta has announced the intention to increase the minimum wage to \$15.00 per hour by 2018. This change would have an effect on labour costs.

Active Trading Market

There currently is not an active trading market for the shares of the Company as a large number of shares are closely held. Without an active trading market for the shares, the trading liquidity is limited and the market value of the shares may be reduced.

While the convertible debentures trade on the TSX, there is not currently an active trading market for the debentures, and we cannot guarantee that an active trading market will develop. If an active trading market in the convertible debentures does not develop, the trading liquidity of the convertible debentures will remain limited and their market value may be adversely affected.

Available Financing

The Company requires additional financing in order to make further investments, pursue acquisition opportunities or take advantage of unanticipated opportunities. In particular, the Company intends to continue to make investments to support business growth and may require additional funds to respond to business challenges, including the need to develop new services or enhance existing services, enhance operating infrastructure and acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Furthermore, additional financing may not be available on favorable terms, if at all. If the Company is unable to obtain adequate financing or financing on satisfactory terms when required, its ability to continue to support business growth and to respond to business challenges could be significantly limited.

The Company had capital and unused credit facilities available for growth in the amount of approximately \$4.4 million at December 31, 2015.

The ability of the Company to make acquisitions beyond the amount of its current excess capital and unused credit facilities depends on the Company being able to raise additional financing in the future through equity and/or debt capital markets. If the Company is unable to obtain equity and/or debt financing, either at all or on favorable terms, it may not be able to complete additional acquisitions, which could have an adverse effect on the future growth prospects of the Company.

Credit Facility and Financial Instrument Covenants

The Company has terms and conditions which must remain in compliance under its credit facilities and convertible debenture.

The failure to comply with the terms of the credit facilities and convertible debenture would entitle the secured lenders to prevent the Company from further borrowing, or accelerate repayment.

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 - 12 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 / loss on disposal of stores and property and equipment, 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	12 months	3 months ended	12 months
	Dec 2015	ended Dec 2015	Dec 2014	ended Dec 2014
Net comprehensive income	\$ (87,763)	\$ 287,941	\$ 13,393	\$ 23,242
Income tax expense	(17,978)	114,022	10,290	13,841
Interest expense	214,093	987,455	304,466	1,222,817
Depreciation	194,964	690,197	197,491	748,922
Unrealized gain on interest rate swap	-	(45,977)	(23,547)	(92,431)
Gain on repurchase of convertible debenture	(116,820)	(228,419)	-	-
Amortization of convertible debenture costs	-	83,027	40,812	163,247
Store closure expenses	1,602	41,945	-	70,783
Gain on disposal of retail stores	-	(13,944)	-	-
Loss on disposal of property and equipment	68,225	95,815	10,091	128,393
EBITDA	\$ 256,323	\$ 2,012,062	\$ 552,996	\$ 2,278,814

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.