Humber Capital Corporation

Ticker: "RUM"

HUMBER CAPITAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2009

HUMBER CAPITAL CORPORATION

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This management discussion and analysis is dated April 30, 2009.

The following is a discussion of the consolidated financial condition and operations of Humber Capital Corporation (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 5 months ended December 31, 2008 and 12 months ended July 31, 2008 for Anderson’s Liquor Inc. The Company’s sole investment is in Anderson’s Liquor Inc. 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 financial statements and the notes thereto have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and are reported in Canadian dollars. References to notes are to notes of the financial statements unless otherwise stated.

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 additonal liquors stores and/or locations; (iii) increased revenues and margins due to tax increase, (iv) the ability to purchase inventory at a discount, (v) on going impact from price inflation, (vi) lower first quarter results, yet higher second quarter results due to Easter falling in the second quarter for fiscal 2009 as well as leap year impact, (vii) one-time impact from repricing of inventory from April 2009 tax increase 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 therefrom, 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 additonal liquors stores and/or locations; (iii) the Company’s ability to secure financing to suit its growth strategy; (iv) the integration risk and requirments for the purchase or development of liqour 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 concumer spending; (ii) ability to obtain required finacing 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; and (xiii) the impact of weather on its affect on consumer demand.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forwardlooking 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.

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

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

KEY HIGHLIGHTS FOR THE STUB FIVE-MONTH PERIOD

During the five-month period ended December 31, 2008, Humber completed its qualifying transaction on December 1, 2008. This along with the private placement, which closed on December 1, 2008, raised $1,750,000 allowing the Company to continue its growth strategy. During the negotiations of the qualifying transaction, the Company's shares were halted. Humber's common shares resumed trading on December 12, 2008, after the trading halt due to the qualifying transaction on the TSX Venture Exchange under the symbol "RUM".

With the capital raised, the Company purchased a store in Southern Alberta on December 30, 2008.

RECENT DEVELOPMENTS SINCE PERIOD ENDED DECEMBER 31, 2008

- A new store was opened February 6, 2009, in Rocky Mountain House, giving the Company its second store in this market.
- On February 9, 2009, Tracey Bean joined the Company to take the role of Chief Financial Officer.
- On February 11, 2009, the Company entered into two swap transactions to hedge interest rate risk on its debt with a Canadian Chartered financial institution.

- The purchase of a second store in the Town of Athabasca was completed on February 23, 2009.
- A convertible debenture in the amount of $809,140 was completed on March 16, 2009 to allow funding of subsequent acquisitions.
- On March 23, 2009, the Company completed the final of five store acquisitions from two vendors, bringing total new and acquired stores subsequent to year-end to six.

OUTLOOK

Management's outlook for 2009 revenue is influenced by an announcement on April 8, 2009 that the Alberta Government has increased tax on all alcohol-based products including beer. There is a near term effect over the next one or two quarters and a longer-term effect.

Current inventory on hand will produce higher contribution rates when sold at the increased prices, which factors the tax increase. The Company had approximately 59 days of inventory on hand when the announcement was made. The Company's gross margin return on inventory is already strong, yet the announcement is expected to abnormally inflate revenue and margins in the second quarter of 2009 and to a lesser extent in the following two quarters.

Our focus is to grow shareholder value by acquiring new liquor stores. This will provide more accretion than buying inventory at discount prices under normal circumstances. When growth opportunities are not available, capital can be invested in limited time offers. Industry operators that have focused more on inventory rather than growth of stores will benefit more than us in the short term from this price increase should all other things remain the same. The current economic events and a shifting of consumer consumption behaviour may have an effect on those short term results. The price change is expected to affect buying habits both in the short term and the long term as a consequence of the resultant higher prices and recessionary pressures. While larger brewers received severe tax treatment, dozens of mainstream lower volume domestic and imported beer manufacturers who supply the Alberta market received much smaller tax increases.

Over the long term the price inflation could have a net positive and substantial impact on transactional income. Tax increases affect the cost of sales and have a multiplier impact. Price optimization may be required in some categories that may affect product margin in the long term because of the severity of this increase.

We believe we are uniquely positioned. Our company-wide core, inter-connected data network positions us to respond to changing demands. Our Enterprise Fulfillment Centre ("EFC"), allows us to provide more choices for consumers.

The first quarter of 2009 may be negatively affected by the higher volume Easter long weekend being shifted to the second quarter. In addition there was one less selling day in February as 2008 was a leap year.

The second quarter results may be enhanced by the increases from inventories and the shift of the Easter long weekend. While windfalls from inventory are one-time, everything being equal the increased cost base is expected to result in higher transaction revenues in fiscal year 2009.

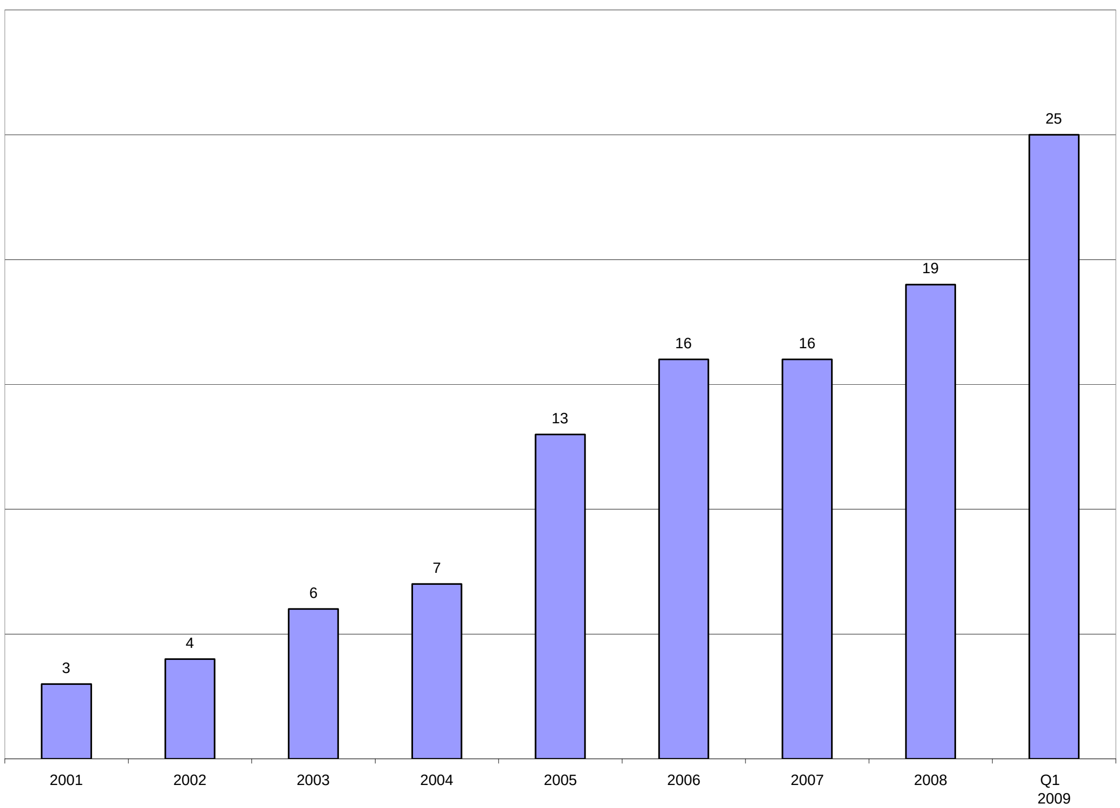
OVERVIEW OF HUMBER CAPITAL CORPORATION

The Company is an incorporated company established under the laws of the Province of Ontario with its common shares (“shares”) trading on the TSX Venture Exchange under the symbol (“RUM”).

The Company’s sole investment is in Anderson’s Liquor Inc. Humber owns 100% of Andersons Liquor Inc. ("Andersons") headquartered in Edmonton Alberta, which 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. To date, Andersons has been successful in improving the performance of its acquisitions through effective integration with its existing operations.

As of December 31, 2008 Humber operated and owned 19 stores. In the first quarter, Humber has added 6 more stores increasing the number of stores that Andersons operates to 25 stores, as of April 30, 2009.

Number of Retail Liquor Stores

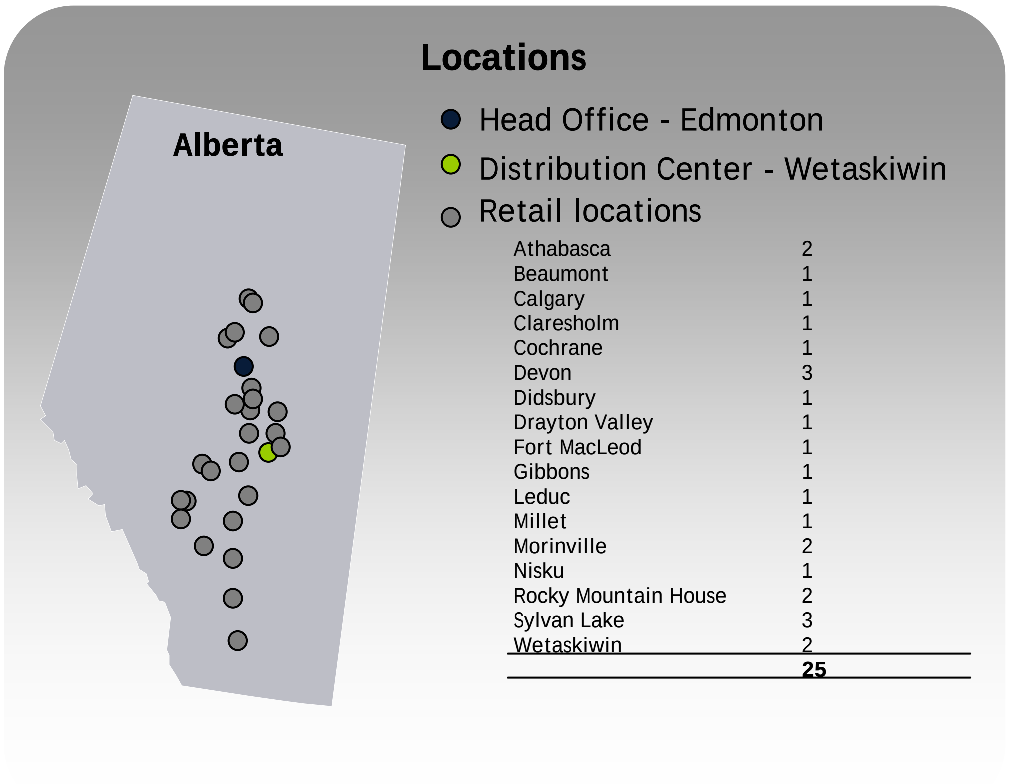


- Anderson's acquired an additional liquor store in 2007 but also consolidated two existing stores in Nisku, Alberta. As a result, the total number of retail liquor stores remained consistent from 2006 to 2007 despite the 2007 acquisition.

COMPETITIVE ENVIRONMENT

The Province of Alberta is the only province in Canada that has a fully privatized retail distribution system for adult beverages. Andersons currently operates 25 liquor stores in Alberta where there are approximately 1,117 liquor stores and 88 agency stores as at December 31, 2008 [Source: Alberta Gaming and Liquor Commission].

Humber operates 5 stores in Northern Alberta, 15 stores in Central Alberta and 5 stores in Southern Alberta.



BUSINESS STRATEGY

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 will explore opportunities to acquire and/or develop stores in Alberta, and evaluate growth opportunities in British Columbia. Management will continue to assess potential acquisitions and store development opportunities for their ability to add accretive cash flow and shareholder value.

Differentiation: Product, Operations, and Management Information Systems

Through the use of the Company's warehousing capability, management will continue to focus on product differentiation by providing more product choices. Through the use of management information systems, Anderson's will derive efficiencies and continue its efforts in providing operational effectiveness.

Technology

A Company-wide core, inter-connected computer network supports our liquor enterprise. A backbone virtual private network has been designed for both high-speed throughput and integrated security. The purpose of our network platform system is the collecting, processing, storing and disseminating of data at store level, finance level, compliance offices, business intelligence centers and our EFC where it is transformed into various forms of information needed to carry out the functions of management at each location.

Point-of-sale and point of purchase terminals in all our stores collect huge volumes of atomic data each day. This data undergoes selective extraction, organization, analysis and formatting for presentation, use of operational systems, business intelligence and to support management decision processes at all levels in the organization.

In addition to store level depositories we maintain several centralized repositories as mirror sites for the entire enterprise. We maintain data at the lowest level of detail, and store away and retain all data. Our enterprise system is updated with each operational system transaction performed.

We utilize a number of skills, technologies, applications and best practices. We employ several core, customized, and configured applications. These include stand-alone software applications, web-browser based applications, and desktop applications. In this regard there are systems which we own and pay annual fees for licensing, "Software as a Service" in which we have long term contracts in place for time and attendance applications, and proprietary and customized collection, reporting and data maintenance applications, which are developed and maintained by our own Information Technology department.

Insightful decisions about significant changes in our business and markets can only be made if decision makers receive timely and continuous presentation of performance measures. Our systems have the ability to identify and correct negative trends, generate detailed reports of transactions and provide daily tracking of compliance exceptions. Daily financial controls are monitored and all enterprise locations pass compliance audits on a daily basis. Due to the automation of these processes, compliance is maintained with a minimum of administration labour deployed.

The main benefits of these automated reporting functions is to enable our enterprise decision makers to make informed and more time sensitive business decisions, quickly address problem areas and re-position our organization to take full and speedy advantage of emerging opportunities. Our goal is to invest in continuous improvement of our technology and our skill sets with the result of providing visibility, measurement, and assurance of key business activities and competitiveness.

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.

Financing

The Company has financed the company's 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 makes replacement to assets as required.

Net Change in Non-cash Working Capital

The Company's investment in non-cash working capital is primarily related to increased inventory levels and the operation of Anderson's warehousing facility. This increase includes the cost of purchasing inventory for stores Andersons develops and opens, the cost of increasing inventory in acquired stores subsequent to their acquisition date, and an increase in current inventory purchased at times when favourable buying conditions exist. Inventory levels are also influenced by seasonal investments in inventory.

Long-Term Incentive Plans

The Company has not utilized long-term incentive plan awards to reward employees for performance. A Long-Term Incentive plan may be considered as a possible compensation approach for key employees.

MANAGEMENT TEAM

Peter Byrne, President, CEO	Mr. Byrne is the President, Chief Executive Officer and co-founder of Anderson's 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 Byrne, COO	Ms. Byrne is the Executive Vice President of Operations and Finance of Anderson's and prior to joining Anderson's, she worked at Deloitte & Touche LLP from September 2002 until March 2007, receiving her Chartered Accountant designation in 2005. Ms. Byrne is Chair of the Alberta Liquor Store Association.
Tracey Bean, CFO	Mr. Bean is a Certified Management Accountant, holds a Bachelor of Commerce majoring in finance and data processing, and holds a Masters in Business Administration degree from Dalhousie University. Previously Mr. Bean was employed by The Toronto-Dominion Bank for 15 years and was most recently the Associate Vice President Credit, Commercial National Accounts.

OPERATING RESULTS

Basis of Comparison

The Company became a "reporting issuer" on March 11, 2008 and completed its qualifying transaction on December 1, 2008. As such, comparative quarterly data is not available.

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 that historical performance of the Company does not reflect the annualized performance from recently acquired liquor stores.

The following table shows total Sales and Operating Margin of the Company for the five-month period ending December 31, 2008 as compared to Andersons Liquor Inc. 12 months ending July 31, 2008.

	Humber Capital Corporation		**Anderson's Liquor Inc.**	
Period	**5 months ending Dec 2008**		**12 months ending Jul 2008**	
(Expressed in Canadian dollars)	**$**	**%**	**$**	**%**
Sales (1)	9,487,248	100.00%	17,844,727	100.00%
Gross margin	2,257,951	23.80%	4,247,045	23.80%
Operating and administrative expense	1,537,544	16.21%	2,880,006	16.14%
Operating Margin (2)	693,426	7.31%	1,288,719	7.22%
Non-recurring Items (3)	26,981	0.28%	78,320	0.44%
Operating Margin before non-Recurring Items (3)	720,407	7.59%	1,367,039	7.66%
Stores at Period End (1)	19		18	

Notes:
(1) *The number of stores and corresponding results for 2008 includes operations for 19 stores, however 1 store was purchased on December 30, 2008 and represents 1 day of operations.*
(2) *Operating Margin has been calculated as described under "Non-GAAP Measures".*
(3) *Non-recurring items include business development costs, loss on disposal of property and equipment, store closure expense, bad debt expense and other income.*

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 5-month period ended December 31, 2008 were $9.5 million. During the period the Company acquired one new store in Fort MacLeod, although the acquisition occurred on December 30, 2008, and thus the period has only one day of operations.

Total sales for the year ended July 31, 2008 for Andersons were $17.9 million.

Cost of Goods Sold and Gross Margin

Alberta has a fully privatized retail distribution system for alcohol in which all liquor stores are privately owned and operated, and are permitted to sell all forms of alcoholic beverages. The privatization program was designed to ensure that small, independent retailers and large format retailers could compete on an equal basis and was based on the following three key principles:

- liquor must be sold separately from other goods (i.e., liquor store operations must be carried on as a business separate from any other business carried on by the liquor store owner and liquor may be sold only from separate premises);

- wholesale prices are the same for all retailers, regardless of the quantities purchased; and

- shipping costs are the same for all retailers, regardless of the distance of the liquor store from the warehouse.

Throughout the year, often every 2 to 4 months, certain manufacturers will offer discounts on cost called Limited Time Offers ("LTO's"), which are available to all retailers. The Company is able to bridge buy on these LTO's to enhance the gross margins. With the increased ability to purchase LTO's and management's pricing strategy, gross margins have been consistent at 23.8% for the 5 months ending December 31, 2008 and 12 months ending July 31, 2008 for Andersons.

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 admin expenses for the 5-month period ended December 31, 2008 were $1.54 million.

Total operating and admin expenses for Andersons for the year ended July 31, 2008 was $2.88 million.

Operating Margin and Operating Margin before Non Recurring Items

Operating margin was 7.31% or $0.69 million for the 5 months ending December 31, 2008. The operating margin was 7.22% or $1.29 million for the 12 months ending July 31, 2008 for Andersons.

Operating margin before non-recurring items was 7.59% or $0.72 million for the 5 months ending December 31, 2008. For the 12 months ending July 31, 2008, the operating margin before non-recurring items for Andersons was 7.66%, or $1.37 million.

LIQUIDY AND CAPITAL RESOURCES AS OF APRIL 30, 2009

Shareholders' Equity

<u>Authorized</u>: Unlimited number of common shares

<u>Issued and outstanding</u>: 50,024,720 common shares

Warrants

The following tables summarize information about warrants outstanding:

Expiry date – quarter ended	Exercise price $	Number of warrants outstanding – December 31, 2008	Number of warrants exercisable – December 31, 2008
December 1, 2010	0.315	7,980,000	0 *
Outstanding, end of period		**7,980,000**	**0 ***

- The warrants are subject to escrow; as of December 31, 2008 none of the warrants were exercisable.

	Number of warrants
Outstanding, December 31, 2008	7,980,000
Granted	-
Exercised	-
Expired	-
Outstanding, April 30, 2009	**7,980,000**

Options

The following tables summarize information about options outstanding:

Expiry Date	Participant	Exercise price $	Number of options outstanding – December 31, 2008	Number of options exercisable – December 31, 2008
April 15, 2010	Agent's Options	0.20	637,500	637,500
April 21, 2013	Stock Option Plan (Directors)	0.20	1,250,000	1,250,000
Outstanding, end of period			**1,887,500**	**1,887,500**

	Number of options
Outstanding, December 31, 2008	1,887,500
Granted	-
Exercised, April 16, 2009	51,200
Expired	-
Outstanding, April 30, 2009	**1,836,300**

Convertible Debenture

On March 16, 2009, the Company issued an $809,140 unsecured convertible debenture maturing on March 16, 2014 and bearing an interest rate of 8.25% per annum, payable in arrears annually. The initial principal amount of the debenture is convertible, at the election of the holder, in whole or in part, into common shares at a conversion ratio of $0.315 per share, representing up to 2,568,968 shares.

Credit Facilities

The Company has an available $2 million operating line with a $500,000 seasonal bulge and a $4.8 million term loan. The Company also had a $9.995 million investment line of credit, which was used to purchase the equivalent amount of short-term banker's acceptance investments; these investments were used to secure this line of credit.

As of December 31, 2008, there was $2.5 million outstanding on the operating line and bulge; however it is noted that the Company had $2.8 million in cash on hand, excluding the banker's acceptance investments as noted above. There was $4.4 million drawn on the term loan facility, with $400,000 available for acquisitions.

Subsequent to period-end, the $9.995 million investment line of credit was fully repaid with the short-term banker's acceptance investments.

The Company's indebtedness is subject to a number of external covenants, but none are capital related. Under the terms of the Anderson's credit facility, the following ratios are monitored: adjusted debt to EBITDA, and fixed coverage ratio. For the 5 months ended December 31, 2008, Andersons continues to be in compliance with all covenants.

Capital Expenditures

During the 5 months ended December 31, 2008, the Company acquired one store. Subsequent to December 31, 2008, the Company acquired 5 stores and opened 1 store in Alberta. All acquisitions/openings were funded with existing credit facilities, funds from the private placement, and a convertible debenture with one of the vendors.

The Company will continue to pursue acquisition opportunities and opportunities to open new stores.

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, issuance of new equity or debt instruments or a combination thereof. The decision to utilize a specific alternative is dependant 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.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents 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 accounts receivable is that a wholesale customer of Anderson's 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 5% 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. The Company is not subject to significant concentration of credit risk with respect to its customers; however, all trade receivables are due from organizations in the Alberta hospitality industries. There were no bad debts recorded or significant past due accounts for the 5 months ended December 31, 2008.

Interest Rate Risk

The Company manages its interest rate risk through credit facility negotiations and by identifying upcoming credit requirements based on strategic plans.

As a further part of their interest rate strategy, Andersons has contracted with a Canadian Chartered Bank to hedge interest rates for a 5-year period in the amount of $3.5 million at 4.34% and $2.0 million at an interest rate of 3.99%, $5.5 million in total. These hedges mature February 12, 2014 and are subject to re-pricing of credit risk. As of April 30, 2009 this represents 76% of Anderson's credit facilities.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2008, the Company did not have any off balance sheet arrangements. As of April 30, 2009 Humber had $5.5 million in interest rate swaps with a Canadian Chartered Bank maturing February 12, 2014.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements, in conformity with Canadian GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Goodwill

Goodwill is not amortized and is assessed for impairment at each reporting unit level. The impairment test is done annually unless circumstances arise that would potentially impair the carrying value of goodwill. Comparing the fair value of a reporting unit to its carrying value identifies any potential goodwill impairment. If the fair value of the reporting unit exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of the reporting unit exceeds its fair value, potential goodwill impairment has been identified and must be quantified by comparing the estimated fair value of the reporting unit's goodwill to its carrying value. Any goodwill impairment will result in a reduction in the carrying value of goodwill on the consolidated balance sheet and in the recognition of a non-cash impairment charge in net income.

The Company tests goodwill as of December 31st every year, and has determined that goodwill was not impaired as of December 31, 2008. Significant assumptions included in this test include management's expectations regarding future revenues, expenses, and other factors impacting cash flow, as well as various inputs to determine the Company's weighted average cost of capital. While these assumptions reflect management's best estimates, they are subject to the measurement uncertainty associated with the current challenging economic environment and material estimates generally. As a result, material revisions could be required to these estimates in future periods.

Amortization Policies and Useful Lives

The Company amortizes property, equipment and intangible assets over the estimated useful service lives of the assets. Management uses industry trends, historical usage in the same and similar assets and judgment to estimate the useful life of assets. The Company assesses the estimated useful lives on an annual basis to ensure they remain accurate, and will adjust amortization prospectively if changes are required.

Purchase Price Allocations

The allocation of the purchase price for acquisitions involves determining the fair values assigned to the tangible and intangible assets acquired. Management determines the fair value of the tangible assets and certain intangible assets of the acquired stores. Goodwill is calculated based on the purchase price less the fair value of the net tangible and intangible assets stated above.

CHANGES IN ACCOUNTING POLICIES

Effective August 1, 2008 the Company has adopted the following new Canadian Institute of Chartered Accountants ("CICA") accounting standards:

Section 1535 - Capital Disclosures

In December 2006, the Canadian Accounting Standards Board ("AcSB") issued a new accounting standard on disclosures about capital, to converge with recent amendments to International Financial Reporting Standard ("IFRS") IAS 1, Presentation of Financial Statements. Section 1535 requires an entity to disclose information about its objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements. Rather than providing a definition for capital, the Section requires entities to describe and provide quantitative data about what they manage as capital. This new standard was adopted by the Company for its fiscal period beginning on August 1, 2008 (Note 19) and had no impact on its financial position or results of operations.

Section 3862 – Financial Instruments - Disclosures
Section 3863 – Financial Instruments - Presentation

In December 2006, the AcSB issued a new accounting standard on disclosures about financial instruments. Section 3862, Financial Instruments — Disclosures, improves upon the disclosure requirements in Section 3861, Financial Instruments — Disclosure and Presentation, and converges with IFRS 7, Financial Instruments: Disclosures.

Section 3862 is based on the fundamental principle that entities should provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments to the entity's financial position and performance. This section places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

Concurrent with the release of Section 3862, the AcSB also issued Section 3863, Financial Instruments — Presentation, which carries forward unchanged the presentation requirements of Section 3861. These new standards were adopted by the Company for its fiscal period beginning on August 1, 2008 (Note 20) and had no impact on its financial position or results of operations.

Section 3031 – Inventories

In June 2007, the CICA issued Section 3031 - Inventories, establishing that inventories should be measured at the lower of cost and net realizable value, and also providing guidance on the issues of cost determination and inventory related disclosures. This new standard was adopted by the Company for its fiscal period starting on August 1, 2008. The adoption of this new standard had no impact on the Fund's financial position or results of operations.

ACCOUNTING STANDARDS ISSUED BUT NOT YET IN EFFECT

Section 1582 – Business Combinations

In January 2009, the CICA issued new Handbook Section 1582, Business Combinations. It provides the Canadian equivalent to IFRS 3, "Business Combinations". The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. The Company plans to adopt this new Section for its fiscal year beginning January 1, 2011. The Company is currently evaluating the impact on its financial position and results of operation of adopting the new section.

Section 1601 – Consolidated Financial Statements,

In January 2009, the CICA issued new Handbook Section 1601, Consolidated Financial Statements, establishing standards for the preparation of consolidated financial statements. The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company plans to adopt this new Section for its fiscal year beginning January 1, 2011. The Company does not expect the new Section to have any impact on its financial position or results of operations.

Section 3064 – Goodwill and Intangible Assets

In February 2008, the CICA issued new Handbook Section 3064, Goodwill and Intangible Assets. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062.

The new section provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

Accordingly, no amortization in respect of pre-opening costs will be recorded during the year ending December 31, 2009, or thereafter. As well, for its fiscal year beginning January 1, 2009, the Company will adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented, as if the pre-opening costs had not been deferred. These pre-opening costs relate to the acquisition of stores. The Company is currently evaluating the impact on its financial position and results of operation of adopting the new Section.

International Financial Reporting Standards

In February 2008, the CICA announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board (IASB) effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company is currently evaluating the impact on its financial position and results of operations adopting these standards will have.

We have established a Financial Reporting Team to review the adoption of IFRS. The team has provided updates to management and the Audit Committee. We are closely monitoring regulatory developments made by the Canadian Institute of Chartered Accountants and the Canadian Securities Administrator that may affect the timing, nature or disclosure of our adoption of IFRS. We are also monitoring developments in accounting made by the Accounting Standards Board of Canada (AcSB) and the International Accounting Standards Board (IASB) to ensure that on adoption of IFRS, we are compliant with IFRS as issued by the IASB.

FINANCIAL INSTRUMENTS

For the Company, fair value is equal to carrying value for all of its financial instruments.

For cash and cash equivalents, accounts receivables, due from related parties, bank indebtedness, short-term debt, accounts payable and accrued liabilities, wages payable and due to (from) shareholders the carrying value approximates fair value due to the short-term nature of the instruments.

The carrying value of long-term debt approximates the fair value as the interest rate is at a variable market rate.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	As at **Dec 31, 2008**	As at July 31, 2008
Byrne Alberta Ltd.	**928**	25,821
1342744 Alberta Ltd.	**11,265**	25,000
	12,193	50,821

Advances to and from related companies are non-interest bearing (unless otherwise indicated), have no set repayment terms and are unsecured. The companies are related through common controlling shareholders. All related party amounts are measured at the exchange amount agreed to by both parties.

During the period the Company paid amounts of $ nil (12 months ended July 2008 – $230,000), received amounts of $35,000 (12 months ended July 2008 - $60,000), and paid utilities and other expenses on behalf of Byrne Alberta Ltd. in the amount of $10,107 (12 months ended July 2008 - $58,616).

The Company paid rents of $6,000 (12 months ended July 2008 - $14,400) to Byrne Alberta Ltd. in respect of a retail liquor store. The rent is at market value. This lease has been renewed in fiscal 2009 with the new rental amount of $1,680 per month, equating to $20,160 per annum.

During the period the Company paid amounts of $ nil (July 2008 - $25,000), received amounts of $14,000 (July 2008 - $ nil) and paid expenses of $265 (July 2008 - $ nil) on behalf of1342744 Alberta Ltd.

An amount of $244,054 is included in Accounts payable and accrued liabilities. As part of the RTO, it was agreed that this working capital adjustment would be paid along with interest to the vendors in four quarterly installments commencing May 1, 2009.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting (as defined under MI 52-109) that occurred during the 5 months ended December 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

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.

Internal Control Over Financial Reporting

Internal control over financial reporting (“ICFR”) is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate ICFR, as such term is defined in NI 52-109 to provide reasonable, but not absolute, assurance regarding the reliability of the Company’s financial reporting. A material weakness in ICFR exists if the deficiency is such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Based on the above evaluation of ICFR, management has concluded that ICFR was operating effectively for the period ended December 31, 2008. Management has concluded that the

Company's financial statements fairly present the Company's consolidated financial position and consolidated results of operations as of and for the 5 months ended December 31, 2008.

RISK FACTORS

There are number of risks that could impact the Company's results in operations, business prospects, financial condition and the Share trading price. These are the factors that are believed could cause actual results to be different from expected and historical results. The risks presented below may not be all of the risks that the Company may face and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing in the Company's Filing Statement, which is available at www.sedar.com and the documents incorporated by reference herein. Shareholders and potential shareholders should consider carefully the information contained herein and, in particular, the following risk factors.

These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Company, could be materially adversely affected.

The markets in which the Company currently competes are very competitive and change rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

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 favourable 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 $2.6 million at December 31, 2008, which Management believes will provide it with sufficient funds to complete additional acquisitions and/or new store development in the short term and have sufficient financing available for inventory.

However, 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 favourable terms, it may not be able to complete additional acquisitions, which could have an adverse effect on the future growth prospects of the Company.

Impact due to weaker Economy

The Company's financial results for fiscal 2009 and future periods are subject to numerous uncertainties, due to the current economic situation. At present, the outlook for the retailing industry remains uncertain, and could result in a challenging operating environment. Additionally, further unforeseen events, such as a protracted period of recession, further weakness or deterioration in the retail sector and in consumer confidence, or a combination of these or other factors, may further affect fiscal 2009 and future operating results and cash flows negatively. The liquor retailing industry has historically been sheltered from recessions, however with the recent increase in Provincial tax, future results are uncertain.

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.

Impact from April 8, 2009 Provincial Tax Increase

On April 8, 2009 the Alberta Government increased taxes on all alcohol-based products. This tax may have an affect on sales earnings and results of operations.

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.

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.

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.

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 of 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.

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.

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.

Importance of Inventory, and EFC Distribution Systems

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 ALCG. The Company's point of purchase system is capable of operating the supply chain through internal or external sources.

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. On April 1, 2009 the minimum wage in Alberta increased by 4.8% placing upward pressures on labour costs for retailers. Current economic conditions are lessening risks associated with labour availability.

Supply Interruption or Delay

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.

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-GAAP MEASURES

References to "EBITDA" are to earnings before interest, income taxes, depreciation and amortization. Management believes that, in addition to income or loss, EBITDA is a useful supplemental measure of performance.

Operating margin for purposes of disclosure under "Operating Results" has been derived by adding interest expense, and amortization of property and equipment to income before taxes. 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 as described above. Operating Margin is calculated as outlined in the following table:

Period	**5 months ending Dec 2008**	**12 months ending Jul 2008**
(Expressed in Canadian dollars)	**$**	**$**
Net income	504,904	537,671
Income tax	(109,350)	161,131
Interest Expense	125,590	174,323
Amortization	172,282	415,594
Operating Margin (2)	693,426	1,288,719

Operating margin, operating margin as a percentage of sales, and EBITDA are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. 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 GAAP) 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.