

WATERFRONT CAPITAL CORPORATION

Management's Interim Discussion and Analysis

For the three month period ended March 31, 2013

Contact Information:

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DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of April 30, 2013. This MD&A should be read in conjunction with the unaudited Interim Financial Statements for the three months ended March 31, 2013 and the accompanying notes, the Company's audited Financial Statements and the accompanying notes for the year ended December 31, 2012, and the MD&A included in the Company's Annual Report, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties and other factors of which are beyond the reasonable control of the Company. Such statements are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about economics and competition surrounding the services provided by the Company, anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward looking statement or information herein will prove to be accurate. Forward looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Factors that could cause actual results to differ materially from those in forward looking statements include such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward looking statements or information. Any forward looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company offers a range of financial and communications services to companies in various industry sectors. The Company often serves as a company's strategic partner through the entire corporate "life-cycle", providing expertise in venture capital, initial public offerings, secondary financings, mergers and acquisitions, public market administration, as well as, media and investor relations. The Company's management has extensive financing and operating experience and assists promising companies that require infusions of capital, management and restructuring to realize the value of their underlying business.

The Company trades on the TSX Venture Exchange under the symbol WFG.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the three months ended March 31, 2013 and for the subsequent period to the report date hereof:

On April 18, 2013, the Company announced that the Company's Board of Directors approved the adoption of an Advance Notice Policy (the "Policy"). The Policy, among other things, includes a provision that requires advance notice to the Company in certain circumstances where nominations of persons for election to the board of directors are made by shareholders of the Company. The Policy fixes a deadline by which director nominations must be submitted to the Company prior to any annual or special meeting of shareholders and sets forth the information that must be included in the notice to the Company for the notice to be in proper written form. The Policy is in effect as of April 18, 2013. Pursuant to the terms of the Policy, the Company will seek shareholder ratification of the Policy at its next annual general meeting of shareholders (the "Meeting") scheduled for June 12, 2013. If the Policy is not confirmed at the Meeting, the Policy will terminate and be of no further force and effect following the termination of the Meeting. The full text of the Policy is available under the Company's profile at www.sedar.com and on the Company's website (www.waterfrontgroup.com) or upon request by contacting the Company's Corporate Affairs Manager, Valerie Samson at 604-922-2030.

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three months ended March 31, 2013 compared with the three months period ended March 31, 2012. The Management's Interim Discussion and Analysis should be read in conjunction with the Company's unaudited interim financial statements and the accompanying notes for the three months ended March 31, 2013.

For the three month period ended March 31, 2013:

Net income for the period

The Company had a net income for the three month period ended March 31, 2013 of \$10,887 (2012 - \$3,878). The net increase of \$7,009 in the net income for the three month period ended March 31, 2013 compared to the three month period ended March 31, 2012 was primarily due a \$38,802 decrease in general and administrative expenses and a \$26,103 decreased in revenue as detailed below.

Revenue

During the three month period ended March 31, 2013, the Company reported revenue of \$59,700 compared to \$85,803 in the three month period ended March 31, 2012. Items that caused the \$26,103 reduction in revenue are noted in the following:

- Corporate and administrative services of \$59,700 (2012 - \$74,835) decreased by \$15,135 due to a reduction in administrative services provided to one of its clients. The Company anticipates that revenue will continue at this level each quarter for the remainder of the year.
- Interest and other income of \$nil (2012 - \$10,968) decreased by \$10,968 directly due to a reduction in deferred revenue recognized from companies with common directors. The Company does not anticipate earning interest and other income during current year.

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Other income (loss)

During the three month period ended March 31, 2013, the Company reported loss of \$4,090 compared to income of \$1,600 in the three month period ended March 31, 2012 from other sources of income. Items that caused the net income in other items are noted in the following:

- Loss on sale of investments of \$nil (2012 -\$18,477) decreased by \$18,477 due to losses on investments sold in prior year.
- Unrealized loss on investments of \$4,090 (2012 – gain \$20,077) decreased by \$24,167 due to falling market values of securities held. The investments the Company holds comprise of securities held in related parties.

Operating Expenses

General and administrative expenses of \$44,723 (2012 - \$83,525) are primarily comprised of consulting, management, administrative, professional fees, transfer agent fees and filing fees, and general office expenses. The net decrease was \$38,802 when compared to the three month period ended March 31, 2012. Items that caused the net decrease are noted in the following:

In comparison to the three month period ended March 31, 2012:

- Consulting fees of \$11,000 (2012 - \$10,500) remained fairly consistent. Fees are expected to remain fairly consistent at the current amount during the balance of the year.
- Depreciation of \$3,871 (2012 - \$5,518) decreased by \$1,647. Depreciation decreases each quarter are due to reduced unamortized carrying values as property and equipment are depreciated at annual rates using the declining balance method.
- Office and miscellaneous of \$583 (2012 - \$31,291) decreased by \$30,708. The decrease is considered to be a permanent reduction as the Company has ceased to purchase shared office supplies which it recovered through its invoicing in revenues.
- Professional fees of \$16,699 (2012 - \$16,870) remained fairly consistent. The Company anticipates professional fees to remain fairly consistent to the current period during the year.
- Regulatory and transfer agent fees of \$2,586 (2012 - \$5,933) decreased by \$3,347 due to a reduction of service offered to clients and recovered in its revenue source. The Company estimates that the fees will continue at the current amounts.
- Rent of \$1,500 (2012 - \$13,413) decreased by \$11,913. The Company ceased to provide certain services, utilizes less office space and anticipates rents to remain fairly consistent to the current amount during the balance of the year.
- Share-based payments of \$5,484 (2012 - \$nil) increased by \$5,484 due to the timing of the option issuances in each period when and if such options are available.
- Wages and benefits of \$3,000 (2012 - \$nil) increased by \$3,000 due to an adjustment in the cost allocation of administrative personnel.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

The Company does not have any current proposed asset or business acquisition of dispositions; however, the Company continues to seek new business opportunities to raise capital.

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SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended March 31, 2013:

	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Total assets	\$ 154,047	\$ 130,356	\$ 148,276	\$ 465,748
Working capital	55,945	35,703	39,065	87,790
Shareholders' equity	104,104	87,733	96,613	400,856
Total Revenue	59,700	81,956	81,533	83,724
Operating expenses	44,723	63,781	64,825	81,368
Net income (loss) and comprehensive income (loss)	10,887	(14,766)	(304,841)	1,947
Basic income (loss) per share	0.00	(0.00)	(0.03)	0.00
Diluted income (loss) per share	0.00	(0.00)	(0.03)	0.00

	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total assets	\$ 491,471	\$ 480,386	\$ 741,086	\$ 695,170
Working capital	80,325	70,929	170,482	174,541
Shareholders' equity	398,909	395,031	665,030	611,509
Total Revenue	85,803	112,430	106,983	117,686
Operating expenses	83,525	104,854	76,620	97,817
Net income (loss) and comprehensive income (loss)	3,878	(273,612)	53,521	(9,075)
Basic income (loss) per share	0.00	(0.03)	0.00	(0.00)
Diluted income (loss) per share	0.00	(0.03)	0.00	(0.00)

SELECTED ANNUAL INFORMATION

Comparative information for periods from January 1, 2010 onwards has been restated in accordance with IFRS

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Revenues	333,016	447,351	744,489
Operating income	39,517	85,855	111,990
Net income (loss) and comprehensive income (loss)	(313,782)	(265,661)	130,813
Impairment charges	(315,759)	(238,515)	-
Basic earnings (loss) per share	(0.03)	(0.03)	0.01
Diluted earnings (loss) per share	(0.03)	(0.03)	0.01
Total assets	130,356	480,386	799,813

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LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares, warrants and debenture financing. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company anticipates spending some of its capital resources on exploring new business opportunities during the year. The Company does not expect that it will require further funding requirements over the next 12 months to cover the Company's general and administrative expenses which currently amount to approximately \$14,000 per month (which includes consulting agreements totaling \$6,000 per month).

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's activities to date; the continued participation of the Company's larger investors; and financial market conditions. The Company last closed a private placement in 2007 and at that time raised \$456,000 and has been self-funded since then from revenues from its business ventures. To expand its business opportunities, the Company may require additional sourced funding. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at March 31, 2013, the Company had working capital of \$55,945 compared to a working capital of \$35,703 as at December 31, 2012. As at March 31, 2013, the Company had cash of \$39,681 compared to cash of \$28,625 as at December 31, 2012.

Net cash provided by operating activities for the three months ended March 31, 2013 was \$11,056 compared to \$1,550 during the same period in 2012.

Net cash provided by investing activities for the three months ended March 31, 2013 was \$nil compared to \$13,863 during the same period in 2012 from proceeds on sale of investments.

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TRANSACTIONS WITH RELATED PARTIES

(a) Included in receivables at March 31, 2013 is \$31,569 (December 31, 2012 - \$14,801) due from companies controlled by directors and/or companies with certain common directors as follows:

Name of Company	Directors/Officers	March 31, 2013	December 31, 2012
0910882 BC Ltd.	Douglas L. Mason	\$ 2	\$ 1
0957197 BC Ltd.	Douglas L. Mason	-	96
Beachfront Enterprises Limited Partnership	Douglas L. Mason (majority unit holder)	-	13
Black Panther Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	7,012	2,905
Columbia Yukon Explorations Inc.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	-	352
Criterion Capital Corp.	Douglas L. Mason	-	33
DMRC Properties Ltd.	Douglas L. Mason	-	429
International Bethlehem Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	3,660	490
Rainy Mountain Royalty Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	16,800	7,322
Sead Hamzagic, Inc	Sead Hamzagic	-	2,050
VJS Consulting Corp	Valerie Samson	-	420
Waterfront Capital Partners Inc.	Douglas L. Mason	1,475	152
Waterfront Communications	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic	2,620	-
White Tiger Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	-	538
		\$ 31,569	\$ 14,801

(b) Included in accounts payable at March 31, 2013 is \$500 (December 31, 2012 - \$628) due to companies controlled by directors and/or directors as follows:

Name of Company/Director	Directors/Officers	March 31, 2013	December 31, 2012
Andrzej Kowalski	Andrzej Kowalski	\$ 500	\$ 500
Waterfront Communications Inc.	Douglas L. Mason, Bruce E. Morley and Sead Hamzagic	-	128
		\$ 500	\$ 628

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(c) During the three months ended March 31, 2013, the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	Directors/Officers	March 31, 2013	March 31, 2012
Beachfront Enterprises Limited Partnership (rent)	Douglas L. Mason (majority unit holder)	\$ -	\$ 13,413
Bruce E. Morley Law Corporation (legal services)	Bruce E. Morley	7,500	7,500
Criterion Capital Corporation (consulting fees)	Douglas L. Mason	7,500	7,500
Sead Hamzagic, Inc. (consulting fees)	Sead Hamzagic	3,000	3,000
Andrzej Kowalski (directors fees)	Andrzej Kowalski	500	-
Waterfront Communications (rent)	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic	1,500	-

(d) During the three months ended March 31, 2013, the Company received corporate and administrative service revenue of \$56,100 (March 31, 2012 - \$71,374) from companies controlled by directors and/or companies with common directors, namely, Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski;

(e) During the three months ended March 31, 2013, the Company recorded \$nil (March 31, 2012 - \$10,968) in other revenue (deferred revenue recognized) from companies with common directors to cover other expense recoveries.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

COMMITMENTS AND CONTINGENCIES

The Company has entered into lease agreements for premises and equipment expiring through 2014. The minimum annual lease commitments under these leases are as follows:

2013	\$	8,771
2014	\$	7,309

The Company has entered into three 5-year term renewable agreements with companies controlled by three directors of the Company for the provision of consulting and/or legal services at a cost of \$2,500 per month (\$30,000 per annum), \$2,500 per month (\$30,000 per annum) and \$1,000 per month (\$12,000 per annum), respectively. If any of such agreements are terminated without cause, or if there is a change in control of the Company, the Company is required to pay an amount equal to five times the annual fees payable there under.

The Company has entered into three agreements with certain directors/officers for services rendered in such capacities. If such agreements are terminated without consent of the director/officer or the director/officer resigns within 120 days following a change in control, the Company must pay \$100,000 to such director/officer and allow any unvested stock options to vest.

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CAPITAL MANAGEMENT

The Company manages its common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

To fund future operating activities the Company may need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2013. The Company is not subject to externally imposed capital requirements.

The Company expects its current capital resources will be sufficient to carry its corporate and administrative services and operations through its current operating period.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents and short-term investments as fair value through profit or loss; accounts receivable, loans receivables; and accounts payable as other financial liabilities.

The carrying values of accounts receivable, loans receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's measurement of fair value of financial instruments as at March 31, 2013 and December 31, 2012 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
March 31, 2013				
Cash	\$ 39,681	\$ 39,681	\$ -	-
Investments	\$ 29,050	\$ 29,050	\$ -	-
December 31, 2012				
Cash	\$ 28,625	\$ 28,625	\$ -	-
Investments	\$ 33,140	\$ 33,140	\$ -	-

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The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents, trade accounts receivable and other receivables.

The Company's credit risk is primarily attributable to cash and short-term investments. Management believes that the credit risk concentration with respect to cash and short-term investments is remote as it maintains accounts with highly-rated financial institutions. Accounts receivable are due primarily from companies with common directors and/or officers.

Credit risk with respect to other receivables is considered to be moderate due to the balance being outstanding from related parties. Credit risk with respect to trade accounts receivable has been assessed as low from management, as the Company has strong working relationships with the parties involved.

The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with a major financial institution with strong investment-grade ratings by a primary ratings agency.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2013	December 31, 2012
Bank accounts	\$ 39,681	\$ 28,625
Investments	29,050	33,140
Trade accounts receivable	31,653	14,948
	\$ 100,384	\$ 76,713

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2013, the Company had accounts payable and accrued liabilities of \$49,943 (December 31, 2012 - \$42,623). Based on the current funds held as at March 31, 2013, the Company has sufficient working capital to cover its current liabilities.

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

March 31, 2013			
Due Date	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
0 – 90 days	\$ 49,443	\$ 500	\$ 49,943
December 31, 2012			
Due Date	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
0 – 90 days	\$ 41,995	\$ 628	\$ 42,623

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consist of cash held in bank accounts. Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Given the balance of the cash and equivalents, any fluctuations in the interest rate would lead to an immaterial change in the statements of comprehensive loss.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.

SEGMENTED INFORMATION

The Company currently operates its business in one operating segment in Canada.

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OUTSTANDING SHARE DATA as of April 30, 2013:

- a) Authorized:
Unlimited Number of Common Shares without par value
- b) Issued and outstanding:
9,654,066 common shares with a stated value of \$7,459,938
- c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
200,000	\$ 0.10	November 1, 2016
75,000	\$ 0.10	July 24, 2017
675,000	\$ 0.10	February 15, 2018
950,000		

- d) Outstanding warrants: Nil
- e) Shares in escrow or pooling agreements: Nil

OFFICERS AND DIRECTORS

Douglas L. Mason, President, CEO and Director (Chairman)
Sead Hamzagic, CFO and Director
Bruce E. Morley, Director and member of Audit Committee
Valerie Samson, Director and member of Audit Committee
Andrzej Kowalski, Director and member of Audit Committee