

WATERFRONT CAPITAL CORPORATION

Management's Interim Discussion and Analysis

For the nine month period ended September 30, 2014

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DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's interim discussion and analysis ("MD&A"), prepared as of November 25, 2014. This MD&A should be read in conjunction with the unaudited Interim Consolidated Financial Statements for the nine months ended September 30, 2014 and the accompanying notes, the Company's audited Financial Statements and the accompanying notes for the year ended December 31, 2013, 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 independent expertise and business advisory services in connection with venture capital markets, investor relations, initial public offerings and secondary financings, mergers and acquisitions, public market administration, as well as, media and marketing advice. 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 nine months ended September 30, 2014 and for the subsequent period to the report date hereof:

- On October 20, 2014, the Company announced that, subject to regulatory approval, the Company intends to proceed with a non-brokered private placement to raise up to \$300,000 by the issuance of 3,000,000 non-flow through units (the "Units") at \$0.10 per Unit. Each Unit will consist of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.20. With respect to this private placement, the Company may pay finders' fees in the amount of 10% (payable in cash or Units), based on the sale of the Units purchased by subscribers introduced to the Company by such finders.
- On October 1, 2014, the Company announced that, in accordance with the terms of the Company's stock option plan, the Company has granted 210,000 incentive stock options to certain directors, officers, employees and consultants, at an exercise price of \$0.10 per share for a term of 5 years.
- On September 18, 2014, the Company announced that it has entered into an agreement, subject to regulatory approval, to provide retail capital markets and advisory services to CriticalControl Solutions Corp. CriticalControl Solutions Corp. ("CriticalControl") is a data management technology solutions company which provides a North American integrated product offering of software, outsourced services and optimized business processes in two market segments: Energy Services (Oil & Gas industry) and Service Bureau Services (Government, Healthcare & Financial industries).
- On September 12, 2014, the Company announced that Robin Phinney, P.Eng., of Okotoks, Alberta has been engaged by the Company as a mining and resource industry consultant. Mr. Phinney has more than 30 years' experience in all aspects of mine development and operation throughout North America. From 2007 until 2014, Mr. Phinney was the founder and CEO of Karnalyte Resources Inc. (KRN-T), which is developing an environmentally-friendly solution mining process to extract a carnallite-sylvite mineral deposit in Wynard, SK for high-grade potash and magnesium-oxide production. Mr. Phinney helped raise nearly \$130 million in private and public equity to take the project to its current construction ready stage, with approved environmental impact statement and all construction permits. Mr. Phinney will be providing due diligence for Waterfront Capital's resource clients, as well as assisting us in developing all aspects of our business advisory practice, with a focus on the Alberta and Saskatchewan resource areas.
- On September 5, 2014, the Company announced that it had closed tranche 2 (the final tranche) of its non-brokered private placement (the "Private Placement"). Under tranche 2, the Company has raised \$150,000 by the issuance of 1,500,000 units (the "Units") at \$0.10 per Unit, which closing was facilitated through a gypsy swap as referred to in the Company's news release of August 22, 2014. Each Unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.20. All of the securities issued pursuant to tranche 2 of the Private Placement are subject to a hold period expiring on December 29, 2014. The Company intends to use the proceeds from the Private Placement for financing and expanding its business and capital markets advisory services and for general working capital purposes. In connection with the Private Placement, Douglas Mason, the Chief Executive Officer and a director of the Company, announces that on August 28, 2014 he acquired, direct or indirect, ownership of 1,500,000 Units of the Company at a price of \$0.10 per Unit. As a result, Douglas Mason now has, direct or indirect, ownership of 2,016,556 common shares of the Company representing approximately 15.39% of the issued and outstanding common shares of the Company. In addition, Mr. Mason holds stock options to purchase an additional 275,000 common shares of the Company and also holds warrants for the purchase of an additional 2,050,000 common shares of the Company. If these stock options and warrants were exercised in full, Mr. Mason would own, directly or indirectly, 4,341,556 common shares of the Company representing approximately 28.14% of the Company's then issued and outstanding common shares, assuming no other shares of the Company are issued. Douglas Mason acquired the Units for investment purposes and he may increase or decrease his ownership position in the future.

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

- On August 22, 2014, the Company announced that a director and officer of the Company has sold 1,500,000 shares on August 22, 2014, and subsequently will be subscribing for 1,500,000 units in the non-brokered private placement financing announced in the Company's news release dated June 17, 2014.
- On August 8, 2014, the Company announced that it had closed tranche 1 of its non-brokered private placement (the "Private Placement") and raised \$60,000 by the issuance of 600,000 units (the "Units") at \$0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.20. All of the securities issued pursuant to tranche 1 of the Private Placement are subject to a hold period expiring on December 8, 2014. The Company intends to use the proceeds from the Private Placement for financing and expanding its business and capital markets advisory services and for general working capital purposes.
- On July 3, 2014, shareholder approval was received at the Company's annual general and special meeting for the creation a class of preferred shares (the "Preferred Shares") to facilitate the Debenture financing referred to herein (see January 17, 2014 item below and see Note 6 of the September 30, 2014 unaudited financial statements for additional details).
- On April 10, 2014, the Company announced that it had completed a non-brokered private placement (the "Private Placement") and raised \$110,000 by the issuance of 1,100,000 units (the "Units") at \$0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.20. In connection with this Private Placement, finders' fees in the amount of \$5,000 were paid.
- On January 20, 2014, the Company announced that it had completed a non-brokered private placement (the "Private Placement") and a convertible debenture financing (the "Debenture Financing") in which the Company raised an aggregate of \$625,000. In connection with the Private Placement, the Company raised \$25,000 by the issuance of 250,000 units (the "Units") at \$0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.20. With regard to the Debenture Financing, the Company raised \$600,000 through the issuance of one Debenture to Resource Income Partners Limited Partnership, part of the Sprott Group of Companies. The Debenture pays an interest rate of 12% per annum and is convertible into common shares at \$0.25 per share. The Debenture is also convertible into preferred shares (at the same conversion rate of \$0.25 per share) and such preferred shares will have a cumulative dividend of 12% per annum. At the Company's Annual General and Special Meeting held on July 3, 2014, the shareholders approved the issuance of a class of Preferred Shares and once the issuance of the Preferred Shares has been accepted by the TSX Venture Exchange, the Debenture shall automatically convert into Preferred Shares. As well, the Preferred Shares automatically convert into common shares at a conversion price of \$0.25 per share where the Company's common shares trade at a price not less than \$0.50 per share for 20 consecutive trading days.

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three and nine months ended September 30, 2014 compared with the three and nine months ended September 30, 2013. The Management's Interim Discussion and Analysis should be read in conjunction with the Company's unaudited interim consolidated financial statements and the accompanying notes for the nine month period ended September 30, 2014.

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

For the three month period ended September 30, 2014:

Net income for the period

The Company had a net loss for the three month period ended September 30, 2014 of \$233,620 (2013 - income \$18,263). The net increase of \$251,883 in the net loss for the three month period ended compared to net income for the three month period ended September 30, 2013 was primarily due to a decrease in revenue of \$14,004 and an increase in general and administrative expenses of \$231,701 offset by a change in other items of \$6,178.

Revenue

During the three month period ended September 30, 2014, the Company reported revenue of \$45,096 compared to \$59,100 in the three month period ended September 30, 2013. Items that caused the \$14,004 reduction in revenue are noted in the following:

- Corporate and administrative services of \$44,667 (2013 - \$59,100) decreased by \$14,433 due to a change in services provided to its clients.
- Other income of \$429 (2013 - \$nil) increased by \$429 due to an interest income.

Other Items

During the three month period ended September 30, 2014, the Company reported a loss in other items of \$1,814 compared to an income of \$4,364 in the three month period ended September 30, 2013. Item that caused the net change in other items is noted in the following:

- Unrealized loss on investments of \$1,814 (2013 - gain \$4,364) changed by \$6,178 due to market values of securities held. The Company holds certain securities in related parties.

Operating Expenses

General and administrative expenses of \$258,365 (2013 - \$45,201) are primarily comprised of consulting, management, administrative, professional fees, transfer agent fees and filing fees, and general office expenses. The net increase was \$213,164 when compared to the three month period ended September 30, 2013. Items that caused the net increase are noted in the following:

In comparison to the three month period ended September 30, 2013:

- Consulting fees of \$125,530 (2013 - \$15,500) increased by \$110,030 mainly due to the change the type of service provided, The Company is now providing advisory business services, which resulted in an increase in consulting fees for services rendered in such capacities.
- Depreciation of \$2,715 (2013 - \$3,871) decreased by \$1,156. 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.
- Interest expense of \$18,490 (2013 - \$nil) increased by \$18,490 mainly due to the \$600,000 debenture issued on January 17, 2014.
- Office and miscellaneous of \$11,691 (2013 - \$977) increased by \$10,714. The increase is due to supplies used in providing advisory business services.
- Professional fees of \$40,070 (2013 - \$17,337) increased by \$22,733. The increase was due to an increase in general legal fees and legal fees in relation to the exempted market dealer (EMD) registration and increased legal service.
- Regulatory and transfer agent fees of \$11,980 (2013 - \$2,903) increased by \$9,077 due to the increased filing fees in relation to the exempted market dealer (EMD) registration.
- Rent of \$9,758 (2013 - \$1,500) increased by \$8,258. The increase was due to the new lease arrangement effective January 1, 2014 for office space required in providing advisory business services.
- Share-based payments of \$19,594 (2013 - \$413) increased by \$19,181 due to the timing of the option issuances in each period when and if such options are available.

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

- Travel of \$17,974 (2013 - \$nil) increased by \$17,974 was due to the promotion of the advisory business in multiple cities in Canada.
- Wages and benefits of \$19,100 (2013 - \$2,700) increased by \$16,400 due to an increase in staff in relation to expanding the advisory business.

For the nine month period ended September 30, 2014:

Net income for the period

The Company had a net loss for the nine month period ended September 30, 2014 of \$724,606 (2013 - income \$31,141). The net increase of \$755,747 in the net loss for the nine month period ended compared to net income for the nine month period ended September 30, 2013 was primarily due to a decrease in revenue of \$8,490, an increase in general and administrative expenses of \$735,446 and a change of other items of \$11,811.

Revenue

During the nine month period ended September 30, 2014, the Company reported revenue of \$169,410 compared to \$177,900 in the nine month period ended September 30, 2013. Items that caused the \$8,490 decrease in revenue are noted in the following:

- Corporate and administrative services of \$168,328 (2013 - \$177,900) decreased by \$9,572 due to a change in services provided to its clients.
- Other income of \$1,082 (2013 - \$nil) increased by \$1,082 due to an interest income.

Other Items

During the nine month period ended September 30, 2014, the Company reported a loss in other items of \$24,494 compared to \$12,683 in the nine month period ended September 30, 2013. Item that caused the net change in other items is noted in the following:

- Unrealized loss on investments of \$1,514 (2013 - \$12,683) decreased by \$11,169 due to market values of securities held. The Company holds certain securities in related parties.
- Write-down of accounts receivable of \$22,980 (2013 - \$nil) increased by \$22,980 due to uncollectible amounts.

Operating Expenses

General and administrative expenses of \$850,985 (2013 - \$134,076) are primarily comprised of consulting, management, administrative, professional fees, transfer agent fees and filing fees, and general office expenses. The net increase was \$716,909 when compared to the nine month period ended September 30, 2013. Items that caused the net increase are noted in the following:

In comparison to the nine month period ended September 30, 2013:

- Consulting fees of \$478,930 (2013 - \$37,500) increased by \$441,430 mainly due to the change the type of service provided, The Company is now providing advisory business services, which resulted in an increase in consulting fees for services rendered in such capacities.
- Depreciation of \$8,146 (2013 - \$11,613) decreased by \$3,467. 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.
- Interest expense of \$57,977 (2013 - \$nil) increased by \$57,977 mainly due to the \$600,000 debenture issued on January 17, 2014.
- Office and miscellaneous of \$30,473 (2013 - \$2,110) increased by \$28,363. The increase is due to supplies used in providing advisory business services.
- Professional fees of \$123,062 (2013 - \$48,556) increased by \$74,506. The increase was due to an increase in general legal fees and legal fees in relation to the exempted market dealer (EMD) registration and increased legal service.

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

- Regulatory and transfer agent fees of \$32,926 (2013 - \$14,701) increased by \$18,225 due to the increased filing fees in relation to the exempted market dealer (EMD) registration.
- Rent of \$25,726 (2013 - \$4,500) increased by \$21,226. The increase was due to the new lease arrangement effective January 1, 2014 for office space required in providing advisory business services.
- Share-based payments of \$33,419 (2013 - \$6,396) increased by \$27,023 due to the timing of the option issuances in each period when and if such options are available.
- Travel of \$37,726 (2013 - \$nil) increased by \$37,726 was due to the promotion of the advisory business in multiple cities in Canada.
- Wages and benefits of \$41,137 (2013 - \$8,700) increased by \$32,437 due to an increase in staff in relation to expanding the advisory business.

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 or dispositions; however, the Company continues to seek new business opportunities to raise capital.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended September 30, 2014:

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Total assets	\$ 380,594	\$ 382,051	\$ 470,235	\$ 136,825
Working capital	327,414	325,492	422,816	59,458
Shareholders' equity	355,814	(168,722)	(64,800)	96,004
Total Revenue	45,096	67,549	56,765	45,921
Operating expenses	276,902	265,332	327,288	72,096
Net income (loss) and comprehensive income (loss)	(233,620)	(221,663)	(269,323)	(37,689)
Basic income (loss) per share	(0.02)	(0.02)	(0.03)	(0.00)
Diluted income (loss) per share	(0.02)	(0.02)	(0.03)	(0.00)

	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Total assets	\$ 160,620	\$ 131,267	\$ 154,047	\$ 130,356
Working capital	84,853	62,306	55,945	35,703
Shareholders' equity	125,270	106,594	104,104	87,733
Total Revenue	59,100	59,100	59,700	81,956
Operating expenses	45,201	44,152	44,723	63,781
Net income (loss) and comprehensive income (loss)	18,263	1,991	10,887	(14,766)
Basic income (loss) per share	0.00	0.00	0.00	(0.00)
Diluted income (loss) per share	0.00	0.00	0.00	(0.00)

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Revenues	223,821	333,016	447,351
Operating income	17,649	39,517	85,855
Net income (loss) and comprehensive income (loss)	(6,548)	(313,782)	(265,661)
Impairment charges	-	(315,759)	(238,515)
Basic earnings (loss) per share	0.00	(0.03)	(0.03)
Diluted earnings (loss) per share	0.00	(0.03)	(0.03)
Total assets	136,825	130,356	480,386

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 in expanding its business services to potentially include the distributions of exempt market securities, and in connection therewith, intends to proceed with an application to the British Columbia Securities Commission for registration as an "Exempt Market Dealer" in accordance with National Instrument 31-103 Registration Requirements and Exemptions ("NI 31-103"). Currently, general and administrative expenses amount to approximately \$90,000 per month (which includes consulting agreements totaling \$40,000 per month), however, the expansion to its business advisory services (and to potentially include the distributions of exempt market securities) will cause the general and administrative expenses to increase substantially.

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. To expand its current business operations and opportunities, on January 20, 2014, April 10, 2014, August 8, 2014, and September 5, 2014, the Company announced the completion of four non-brokered private placements, and raised \$345,000 in non-brokered private placements (the "Private Placements") and a \$600,000 convertible debenture financing (the "Debenture Financing") in which the Company raised an aggregate of \$945,000. In connection with the Private Placements, the Company issued 3,450,000 units (the "Units") at \$0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.20. With regard to the Debenture Financing, the Company raised \$600,000 through the issuance of one Debenture to Resource Income Partners Limited Partnership, part of the Sprott Group of Companies, which Debenture converted on September 16, 2014 into 2,400,000 Preferred Shares. 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 September 30, 2014, the Company had working capital of \$327,414 compared to a working capital of \$59,458 as at December 31, 2013. As at September 30, 2014, the Company had cash of \$199,472 compared to cash of \$15,746 as at December 31, 2013.

Net cash used in operating activities for the period ended September 30, 2014 was \$756,274 compared to net cash provided of \$1,623 provided by operating activities for the same period in 2013.

Net cash provided by financing activities for the period ended September 30, 2014 was \$940,000 compared to \$nil for the same period in 2013 including \$600,000 (2013 - \$nil) from proceeds on issuance of debentures, \$345,000 (2013 - \$nil) from proceeds on issuance of shares and share issue costs of \$5,000 (2013 - \$nil).

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

TRANSACTIONS WITH RELATED PARTIES

(a) Included in accounts receivable at September 30, 2014 is \$41,710 (December 31, 2013 - \$63,761) due from companies controlled by directors and/or companies with certain directors in common as follows:

Name of Company	Directors/Officers	September 30, 2014	December 31, 2013
Black Panther Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	35,370	35,370
Grignan Holdings Ltd.	Rick Peterson	40	40
International Bethlehem Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	-	3,150
Rainy Mountain Royalty Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	6,300	6,300
Waterfront Capital Land Corp.	Douglas L. Mason	-	1
White Tiger Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski (all former directors in common)	-	18,900
		\$ 41,710	\$ 63,761

(b) Included in prepaid expenses at September 30, 2014 is \$20,000 (December 31, 2013 - \$10,000) as a deposit paid to Waterfront Communications Inc., a company with certain former directors in common, to cover shared employee payroll and office costs.

(c) Included in accounts payable at September 30, 2014 is \$1,307 (December 31, 2013 - \$525) due to companies controlled by directors and/or with certain directors in common as follows:

Name of Company/Director	Directors/Officers	September 30, 2014	December 31, 2013
Gorand Enterprises Inc.	Andrzej Kowalski	\$ 525	\$ 525
Waterfront Communications Inc.	Valerie J. Samson (and formerly; Douglas L. Mason, Bruce E. Morley, and Sead Hamzagic)	782	-
		\$ 1,307	\$ 525

(d) During the nine month period ended September 30, 2014, the Company received corporate and administrative service revenue of \$nil (2013 - \$167,100) from companies controlled by directors and/or companies with certain directors in common, namely, Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski.

(e) During the nine month period ended September 30, 2014, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs in the amount of \$41,137 (2013 - \$8,700) and shared expenses in the amount of \$33,200 (2013 - \$7,090).

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

(f) During the nine month period ended September 30, 2014, 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	September 30, 2014	September 30, 2013
Bruce E. Morley Law Corporation (legal services)	Bruce E. Morley	45,000	23,550
Criterion Capital Corporation (consulting fees)	Douglas L. Mason	45,000	22,500
Sead Hamzagic, Inc. (consulting fees)	Sead Hamzagic	45,000	13,500
Gorand Enterprises Inc. (director's fee)	Andrzej Kowalski	1,500	1,500
Grignan Holdings Ltd. (consulting fees)	Rick Peterson	195,000	-
Steven Low (consulting fees)	Steven Low	40,000	-
VJS Consulting Corp. (consulting fees)	Valerie Samson	22,500	-
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason	25,726	-
Waterfront Communications Inc. (sublet rent)	Valerie J. Samson (and formerly; Douglas L. Mason, Bruce E. Morley, and Sead Hamzagic)	-	4,500

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 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 \$5,000 per month (\$60,000 per annum) each. 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.

CAPITAL MANAGEMENT

The Company manages its common shares and stock options 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.

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

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 September 30, 2014. 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 short-term investments as fair value through profit or loss; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of accounts 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 September 30, 2014 and December 31, 2013 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
September 30, 2014				
Cash	\$ 199,472	\$ 199,472	\$ -	\$ -
Investments	\$ 7,530	\$ 7,530	\$ -	\$ -
December 31, 2013				
Cash	\$ 15,746	\$ 15,746	\$ -	\$ -
Investments	\$ 9,044	\$ 9,044	\$ -	\$ -

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, short-term investments, and accounts receivable.

WATERFRONT CAPITAL CORPORATION
Management's Interim Discussion and Analysis
September 30, 2014

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 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:

	September 30, 2014	December 31, 2013
Bank accounts	\$ 199,472	\$ 15,746
Investments	7,530	9,044
Trade accounts receivable	119,625	65,056
	\$ 326,627	\$ 89,846

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 September 30, 2014, the Company had accounts payable and accrued liabilities of \$24,780 (December 31, 2013 - \$40,821). Based on the current funds held as at September 30, 2014, 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:

September 30, 2014			
Due Date	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
0 – 90 days	\$ 23,473	\$ 1,307	\$ 24,780
December 31, 2013			
Due Date	Accounts Payable and Accrued Liabilities	Due to Related Parties	Total
0 – 90 days	\$ 40,296	\$ 525	\$ 40,821

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

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

WATERFRONT CAPITAL CORPORATION
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OUTSTANDING SHARE DATA as of November 25, 2014:

a) Authorized:

unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and outstanding:

13,104,066 common shares with a stated value of \$7,799,938
2,400,000 preferred shares with a stated value of \$610,997

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
150,000	\$ 0.10	June 4, 2019
210,000	\$ 0.10	September 30, 2019
1,310,000		
1,310,000		Exercisable

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
250,000	\$ 0.20	January 17, 2016
1,100,000	\$ 0.20	April 9, 2016
600,000	\$ 0.20	August 7, 2016
1,500,000	\$ 0.20	August 28, 2016
3,450,000		

e) Shares in escrow or pooling agreements: nil

OFFICERS AND DIRECTORS

Douglas L. Mason, CEO and Director (Chairman)
Rick Peterson, President and Director
Sead Hamzagic, CFO and Director
Bruce E. Morley, Director
Valerie Samson, Director
Andrzej Kowalski, Director