WATERFRONT CAPITAL CORPORATION

Management's Interim Discussion and Analysis

For the nine months ended September 30, 2017

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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 1, 2017. This MD&A should be read in conjunction with the unaudited Interim Consolidated Financial Statements for the nine months ended September 30, 2017 and the accompanying notes, the Company's audited Consolidated Financial Statements and the accompanying notes for the year ended December 31, 2016, 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, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and 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 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, for example, 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 period ended September 30, 2017 and for the subsequent period to the report date hereof:

- On October 16, 2017, the Company announced that in accordance with the terms of the Company's stock option plan, the Company has granted 75,000 incentive stock options to certain directors, officers, employees, and consultants, at an exercise price of $0.125 per share for a term of 5 years.

- On October 13, 2017, the Company announced that in accordance with the terms of the Company's stock option plan, the Company has granted 2,940,000 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. The Company is also pleased to announce that it has engaged Sutton Ventures Ltd. ("Sutton"), a business advisory firm, to assist the Company in its efforts to investigate potential business opportunities. Brayden Sutton, Managing Partner, has extensive experience in equity analysis and financing, and for the past 14 years has specialized in due diligence, financial re-structuring and sourcing early-stage, high-growth opportunities. The Company will grant Sutton 850,000 incentive stock options at an exercise price of $0.10 for services for this engagement.

- On October 13, 2017, the Company announced that, further to its news releases dated September 15, 2017 and September 22, 2017, the Company has closed its non-brokered private placement (the "Private Placement"). The Company has raised gross proceeds of $880,000 by the issuance of 17,600,000 units (the "Units") at a price of $0.05 per Unit. Each Unit consists of one common share and one share purchase warrant, with each warrant entitling the holding to purchase an additional common share for a period of two years at an exercise price of $0.10. All of the securities issued pursuant to this Private Placement are subject to a hold period expiring on February 13, 2018. In connection with the closing of the Private Placement, the Company has paid a finder's fee of $44,925 to Sutton Ventures Ltd. ("Sutton") in 718,800 Units and $8,985 in cash, and a finder's fee of $10,375 to PI Financial Corp. ("PI") in cash, being 10% of the gross proceeds raised by the Company from investors introduced to the Company by Sutton and PI.

- On September 22, 2017, the Company announced that further to its news release of September 15, 2017, the Company has increased the size of its non-brokered private placement to raise up to $875,000 by the issuance of 17,500,000 units (the "Units") at $0.05 per Unit (the "Private Placement"). 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 $0.10. 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 September 15, 2017, the Company announced that, subject to regulatory approval, the Company intends to proceed with a non-brokered private placement to raise up to $750,000 by the issuance of 15,000,000 units (the "Units") at $0.05 per Unit (the "Private Placement"). 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 $0.10. 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. The Company intends to use the proceeds from this Private Placement for general working capital purposes and to investigate certain potential business opportunities.

- On June 28, 2017, the Company announced that it has received a letter, dated June 27, 1027, from the TSX that indicates the Exchange has determined that the Company does not meet the Exchange's Tier 2 Continued Listing Requirements ("CLR"). As a result, the exchange has giver the Company 90 days (to September 29, 2017) to submit documentation evidencing that it meets Tier 2 CLR. The Exchange has further indicated that if the Company is unable to file satisfactory documentation by the September 29, 2017 deadline, the Company will be transferred to the NEX Board of the Exchange.

- The Company's wholly owned subsidiary, Waterfront Strategic Capital Corp. received regulatory approval for a voluntary deregistration as an Exempt Market Dealer ("EMD") in the Province of British Columbia on January 12, 2017, from Alberta on December 29, 2016, from Ontario on January 18, 2017, and from Manitoba on December 29, 2016. On February 7, 2017, the Company wound up its wholly-owned subsidiary.

- On June 30, 2016, the Company announced the resignations of Bruce Morley and Valerie Samson as directors of the Company, effective June 1, 2016. Mr. Morley will still continue to provide the Company with legal services through his law corporation, and similarly, Ms. Samson will continue to provide consulting services to Waterfront Capital through her consulting company.

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, 2017, compared with the three and nine months ended September 30, 2016. The Management's 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, 2017.

For the three month period ended September 30, 2017:

Net loss for the period

The Company had a net loss for the three month period ended September 30, 2017 of $63,099 (2016 - $58,934). The net increase of $4,165 in the net loss for the three month period ended compared to the three month period ended September 30, 2016 was primarily due to an increase in general administrative expense of $7,487 offset by a change in other items of $3,322.

Other Items

During the three month period ended September 30, 2017, the Company reported a loss of $1,808 compared to $5,130 in the three month period ended September 30, 2016 from other sources of income and other expenses. Items that caused the $3,322 change in other items are noted in the following:

- Other income of $25 (2016 - $108) decreased by $83 and it mainly fluctuated with the cash balance in the bank.
- Loss on sales of securities of $162,538 (2016 - $12,228) changed by $150,310 due to the sales of marketable securities.
- Unrealized gain on investments of $160,705 (2016 - $6,990) changed by $153,715 due to market values of securities held. The Company holds certain securities in related parties.

Operating Expenses

General and administrative expenses of $61,291 (2016 - $53,804) are primarily comprised of consulting, administrative, professional fees, transfer agent fees and filing fees, rent and general office expenses. The net increase was $7,487 when compared to the three month period ended September 30, 2016. Items that caused the net decrease are noted in the following:

In comparison to the three month period ended September 30, 2016:

- Consulting fees of $18,250 (2016 - $18,250) remained fairly consistent.
- Interest expense of $1,174 (2016 - $461) increased by $713 and was mainly related to the outstanding balance of the loans.
- Office and miscellaneous of $6,370 (2016 - $5,952) remained fairly consistent.
- Professional fees of $16,625 (2016 - $13,223) increased by $3,402. The increase was mainly due to the legal fees incurred in the current period in relation to the upcoming private placement.
- Regulatory and transfer agent fees of $5,356 (2016 - $2,629) increased by $2,727 mainly due to the regulatory fees in relation to the upcoming private placement.
- Rent of $5,954 (2016 - $5,707) remained fairly consistent.
- Travel of $44 (2016 - $52) remained fairly consistent.
- Wages and benefits of $7,518 (2016 - $7,530) remained fairly consistent.

For the nine month period ended September 30, 2017:

Net loss for the period

The Company had a net loss for the nine month period ended September 30, 2017 of $188,203 (2016 - $167,175). The net increase of $21,028 in the net loss for the nine month period ended compared to the nine month period ended September 30, 2016 was primarily due to an increase in general administrative expense of $17,962 and a change in other items of $3,066.

Other Items

During the nine month period ended September 30, 2017, the Company reported an income of $491 compared to $3,557 in the nine month period ended September 30, 2016 from other sources of income and other expenses. Items that caused the $3,066 net change in other items are noted in the following:

- Other income of $82 (2016 - $345) decreased by $263 and it mainly fluctuated with the cash balance in the bank.
- Loss on sales of securities of $162,538 (2016 - $67,913) changed by $94,625 due to the sales of marketable securities.
- Unrealized gain on investments of $162,947 (2016 - $71,125) changed by $91,822 due to market values of securities held. The Company holds certain securities in related parties.

Operating Expenses

General and administrative expenses of $188,694 (2016 - $170,732) are primarily comprised of consulting, administrative, professional fees, transfer agent fees and filing fees, rent and general office expenses. The net increase was $17,962 when compared to the nine month period ended September 30, 2016. Items that caused the net decrease are noted in the following:

In comparison to the nine month period ended September 30, 2016:

- Consulting fees of $54,750 (2016 - $49,750) increased by $5,000 due to the recovery of consulting fees of $5,000 from one of the Company's former officer in April 2016. No such transaction was incurred in the current year.
- Interest expense of $2,781 (2016 - $1,170) increased by $1,611 and was mainly related to the outstanding balance of the loans.
- Office and miscellaneous of $16,436 (2016 - $20,142) decreased by $3,706 mainly due to the reduced insurance coverage and reduction in printing expense for the current period when compared to the same period in the prior year.
- Professional fees of $58,273 (2016 - $44,573) increased by $13,700. The increase was mainly due to the increase in audit fees related to the wind-up of the wholly-owned subsidiary in the current period and legal fees incurred for the upcoming private placement.
- Regulatory and transfer agent fees of $16,129 (2016 - $17,462) decreased by 1,333 mainly due to the decrease in regulatory fees related to the EMD business after the wind-up of the wholly-owned subsidiary.
- Rent of $18,061 (2016 - $17,181) remained fairly consistent.
- Travel of $145 (2016 - $360) remained fairly consistent.
- Wages and benefits of $22,119 (2016 - $20,094) increased by $2,025 mainly due to the timing of employee benefits paid under the Company's health and welfare benefits plan.

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.

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, 2017:

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total assets	$ 105,573	$ 52,638	$ 56,305	$ 113,406
Working capital (deficit)	54,052	(240,349)	(186,461)	(115,245)
Shareholders' equity (deficit)	54,052	(240,349)	(186,461)	(115,245)
Other income	25	18	39	9,175
Operating expenses	61,291	56,998	70,405	55,035
Net loss and comprehensive loss	(63,099)	(53,888)	(71,126)	(58,773)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total assets	$ 123,612	$ 151,082	$ 148,569	$ 157,100
Working capital (deficit)	(56,472)	2,462	27,596	(109,297)
Shareholders' equity (deficit)	(56,472)	2,462	27,596	(109,297)
Total Revenue	108	113	124	128
Operating expenses	53,804	45,173	71,755	77,100
Net loss and comprehensive loss	(58,934)	(25,134)	(83,107)	(65,371)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Revenues	-	169,619	273,134
Operating income (loss)	(225,767)	(447,368)	(846,741)
Net income (loss) and comprehensive income (loss)	(225,948)	(466,998)	(939,296)
Impairment charges	-	-	-
Basic loss per share	(0.01)	(0.03)	(0.08)
Diluted loss per share	(0.01)	(0.03)	(0.08)
Total assets	113,406	157,100	379,997

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. Currently, general and administrative expenses amount to approximately $20,000 per month (which includes consulting agreements totaling $7,500 per month) which is not expected to change over the next several months.

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 evaluation activities to date; the continued participation of the

Company's investors in evaluation activities; and financial market conditions. The Company has marketable securities with a value of $6,975, which it could convert to cash and has on October 13, 2017 announced that it closed on a $880,000 private placement. Further financing will be required to cover the Company's long-term cash requirements. 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, 2017, the Company had working capital of $54,052 compared to $115,245 working capital deficit as at December 31, 2016. As at September 30, 2017, the Company had cash of $74,489 compared to cash of $79,712 as at December 31, 2016.

Net cash used in operating activities for the period ended September 30, 2017 was $356,694 compared to $250,507 for the same period in the prior year.

Net cash provided by investing activities for the period ended September 30, 2017 is $4,971 (2016 - $25,832) from proceeds on sales of securities.

Net cash provided by financing activities for the period ended September 30, 2017 was $346,500 compared to $214,000 for the same period in the prior year, consisting $nil (2016 - $220,000) from proceeds on issuance of shares, $357,500 from subscriptions received and $35,400 (2016 - $8,500) from loan advances offset by $46,500 (2016 - $14,500) of loan repayments.

TRANSACTIONS WITH RELATED PARTIES

(a) Included in prepaid expenses at September 30, 2017 is $11,000 (December 31, 2016 - $20,000) as a deposit paid to Waterfront Communications Inc., a company with certain directors in common, to cover shared employee payroll and office costs.

(b) Included in accounts payable at September 30, 2017 is $16,521 (December 31, 2016 - $161,704) due to companies controlled by directors and/or with certain directors in common as follows:

Name of Company/Director	Directors/Officers	September 30, 2017	December 31, 2016
Andrzej Kowalski	a director of the Company	$ -	$ 2,000
Beachfront Enterprises Limited Partnership	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason	-	36,017
Bruce E. Morley Law Corporation	a company controlled by a former director, namely, Bruce E. Morley	13,500	30,800
Criterion Capital Corporation	a company controlled by a director, namely, Douglas L. Mason	-	30,148
Mehrun Payravi	a director of the Company	-	2,500
Sead Hamzagic, Inc.	a company controlled by a director, namely, Sead Hamzagic	-	28,875
Waterfront Communications Inc.	Douglas L. Mason and Sead Hamzagic	3,021	31,364
		$ 16,521	$ 161,704

(c) During the period ended September 30, 2017, the Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative payroll costs in the amount of $22,118 (2016 - $20,324) and shared expenses in the amount of $12,338 (2016 - $10,427).

(d) The Company entered into a loan agreement, dated October 8, 2015, pursuant to which the lender agreed to loan the Company up to $50,000 for working capital purposes. The loan was provided by Criterion Capital Corporation, a company controlled by Douglas L. Mason, a director and officer of the Company, and each loan advance is for a term of one year with interest at a rate of 1% per month (12% per annum). The Company borrowed $8,500 and repaid $14,500 during the year ended December 31, 2016. During the period ended September 30, 2017, the Company received loan advances of $35,500. The Company repaid all outstanding loans on September 29, 2017, totalling $46,500. No loan bonus shares were issued in connection with these loans.

(e) During the period ended September 30, 2017, the Company recovered, 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, 2017**	**September 30, 2016**
Bruce E. Morley Law Corporation			
(legal services)	Bruce E. Morley (former director)	22,500	22,500
Criterion Capital Corporation			
(consulting fees)	Douglas L. Mason	22,500	22,500
(interest)		2,781	941
Sead Hamzagic, Inc.			
(consulting fees)	Sead Hamzagic	22,500	22,500
Andrzej Kowalski			
(director's fee)	Andrzej Kowalski	1,500	1,500
Mehrun Payravi			
(director's fee)	Mehrun Payravi	1,500	1,500
Spencer Dyer			
(consulting fees)	Spencer Dyer	-	(5,000)
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason	18,061	17,181

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 two directors and one former director of the Company for the provision of consulting services and/or legal services at a cost of $2,500 per month ($30,000 per annum) for each of the three agreements. 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 $150,000 to such contracted party so affected.

The Company has entered into two 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 $50,000 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.

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, 2017. 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 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, 2017 and December 31, 2016 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
September 30, 2017				
Cash	$ 74,489	$ 74,489	$ -	$ -
Investments	$ 6,975	$ 6,975	$ -	$ -
December 31, 2016				
Cash	$ 79,712	$ 79,712	$ -	$ -
Investments	$ 11,537	$ 11,537	$ -	$ -

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, investments, and accounts receivable.

The Company's credit risk is primarily attributable to cash and investments. Management believes that the credit risk concentration with respect to cash and investments is remote as it maintains accounts with highly-rated financial institutions.

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, 2017	December 31, 2016
Bank accounts	$ 74,489	$ 79,712
Investments	6,975	11,537
Accounts receivable	4,440	3,265
	$ 85,904	$ 94,514

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, 2017, the Company had accounts payable and accrued liabilities of $51,521 (December 31, 2016 - $217,651) and loans payable of $nil (December 31, 2016 - $11,000). Based on the current funds held as at September 30, 2017, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

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

September 30, 2017

Due Date	Accounts Payable, Accrued Liabilities and Loans Payable	Due to Related Parties	Total
0 – 90 days	$ 35,000	$ 16,521	$ 51,521

December 31, 2016

Due Date	Accounts Payable, Accrued Liabilities and Loans Payable	Due to Related Parties	Total
0 – 90 days	$ 55,947	$ 161,704	$ 217,651
90 – 365 days	-	11,000	11,000

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 is not exposed to significant interest rate risk.

(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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires the use of 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. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

<u>Critical accounting estimates:</u>

a) Recoverability of asset carrying values

The Company assesses its assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, the useful lives of assets and their related salvage values.

b) Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. These estimates will impact the amount of share-based payments recognized.

c) Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the nine month period ended September 30, 2017.

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.

OUTSTANDING SHARE DATA as of November 1, 2017:

a) Authorized Share Capital:
unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and Outstanding Shares:
37,884,906 common shares with a stated value of $9,016,282
2,400,000 preferred shares with a stated value of $610,997

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
675,000	$ 0.10	February 15, 2018
58,000	$ 0.10	September 30, 2019
33,000	$ 0.12	January 19, 2020
2,940,000	$ 0.10	October 13, 2022
75,000	$ 0.125	October 16, 2022
3,781,000		
3,781,000		Exercisable

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
3,400,000	$ 0.06	January 26, 2018
1,000,000	$ 0.06	February 3, 2018
18,318,800	$ 0.10	October 13, 2019
22,718,800		

e) Shares in escrow or pooling agreements: nil

OFFICERS AND DIRECTORS

Douglas L. Mason, President, CEO and Director (Chairman)
Sead Hamzagic, CFO and Director
Andrzej Kowalski, Director
Mehrun Payravi, Director