

WAMCO TECHNOLOGY GROUP LTD.

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS FOR THE PERIOD ENDED JUNE 30, 2017

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Wamco Technology Group Ltd. ("Wamco" or the "Company") should be read in conjunction with the Company's unaudited interim condensed financial statements for the three and six month period ended June 30, 2017, including the related notes thereto and the Company's audited financial statements for the years ended December 31, 2016 and 2015, including the related notes thereto. These financial statements have been prepared using International Financial Reporting Standards ("IFRS"). This MD&A is presented as of July 27, 2017. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains "forward-looking" statements that are subject to risk factors set out in a cautionary note contained herein.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

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CORPORATE OVERVIEW

Wamco Technology Group Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on December 14, 1995. On September 1, 2011, the Company completed articles of amendment and continued the Company under the laws of the Province of Ontario. The Company's head office is located at 400 – 365 Bay Street, Toronto, ON, M5H 2V1. The Company's last operation was that of an online gaming website and wireless connectivity services. The business ventures were discontinued in the year ended December 31, 2003. The Company is currently seeking project opportunities.

OUTLOOK

The mission of the Company is to enhance shareholder value through actively seeking project opportunities. The Company is currently investigating opportunities in order to fulfill its mission statement.

RECENT DEVELOPMENTS

On January 24, 2017, the Company filed articles of amendment giving effect to the consolidation of its issued and outstanding common shares on a one (1) for five (5) basis, resulting in its previously outstanding 5,131,340 common shares of the Company being consolidated into approximately 1,026,245 common shares. No fractional common shares will be issued pursuant to the Consolidation and any fractional shares that would have otherwise been issued have been rounded down to the nearest whole number. The Consolidation was approved by shareholders at an annual and special meeting held on August 20, 2015.

On March 16, 2017, the Company settled an aggregate of \$278,855 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of an aggregate of 5,577,099 common shares of the Company at a price of \$0.05 per Common Share. All common shares issued in connection with the debt settlement are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Pursuant to the debt settlement, Irwin Lowy LLP acquired 2,700,000 Common Shares of the Company. Prior to the completion of the debt settlement, the partnership did not own any common shares of the Company. Upon completion of the debt settlement, the partnership will own 2,700,000 common shares of the Company, representing approximately 40.9% of the Company's issued and outstanding common shares on a non-diluted basis.

On March 31, 2017, the Company announced that it and certain of its principal shareholders have entered into a binding agreement (the "Agreement") with TCG Acquisition Corp. ("TCG") which outlines the general terms and conditions of a proposed transaction pursuant to which Wamco will acquire all of the issued and outstanding securities of TCG in exchange for securities of Wamco. The proposed transaction is anticipated to be carried out by way of amalgamation or other similar transaction, pursuant to which TCG will amalgamate with a wholly-owned subsidiary of Wamco (the "Proposed Transaction"). As a result of the Proposed Transaction, the Company will continue on with the business of TCG.

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As contemplated by the Agreement, Wamco and TCG intend to apply to the Canadian Stock Exchange (“CSE”) for the listing of the Wamco Shares (the “Listing”). TCG is a privately held company incorporated pursuant to the Business Corporations Act (Ontario). TCG has been formed for the initial purpose of making investments primarily in the United States.

The Proposed Transaction is subject to, among other things, receipt of the requisite shareholder approvals, approval of the CSE, and additional conditions as described in the Agreement. Holders of greater than 70% of the Wamco Shares have entered into agreements to support the Proposed Transaction.

Prior to the completion of the Proposed Transaction, Wamco will call a meeting of its shareholders for the purpose of approving, among other matters, (i) a possible consolidation of the issued and outstanding Wamco Shares (the “Consolidation”); (ii) a change of name of Wamco to a name to be determined by TCG and acceptable to regulatory authorities; (iii) the election of nominees of TCG to the board of directors of Wamco; (iv) the approval of the Proposed Transaction, if required under applicable law; and (v) such other matters as the parties or the CSE may require. Upon closing of the Proposed Transaction, the board of directors of Wamco will be reconstituted in a manner that complies with the requirements of the CSE and applicable securities laws. TCG shall be entitled to all nominees on the reconstituted board, subject to the receipt of applicable regulatory approvals. In connection with the Proposed Transaction, TCG intends to undertake one or more equity financings (the “TCG Financing”).

Upon closing of the Proposed Transaction, all securities of TCG issued in connection with the TCG Financing will automatically be exchanged for post-Consolidation Wamco Shares on the same terms as existing TCG securities.

As of the date of this MD&A, the transaction has not yet closed.

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual and quarterly financial data of the Company for the eight most recent quarters ended:

	For the six months ended June 30, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015
Total revenues	\$Nil	\$Nil	\$Nil
Loss for the year	(68,560)	(58,148)	(48,657)
Basic and fully diluted loss per share	(0.016)	(0.012)	(0.010)
Total assets	21,641	18,434	7,642
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

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RESULTS OF OPERATIONS

	Q2 Jun 2017	Q1 Mar 2017	Q4 Dec 2016	Q3 Sep 2016
	\$	\$	\$	\$
Expenses	16,185	52,375	5,721	16,881
Net loss	(16,185)	(52,375)	(5,721)	(16,881)

	Q2 Jun 2016	Q1 Mar 2016	Q4 Dec 2015	Q3 Sep 2015
	\$	\$	\$	\$
Expenses	31,084	4,462	6,805	15,979
Net loss	(31,084)	(4,462)	(6,805)	(15,979)
Net loss per share (basic and diluted)	(0.006)	(0.000)	(0.001)	(0.003)
Net loss per share (basic and diluted) \$	(0.002)	(0.027)	(0.001)	(0.003)

OPERATIONAL REVIEW & RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2017

Net loss for the three month period ended June 30, 2017 was \$16,185 as compared to a net loss of \$31,084 in 2016. Net loss decreased between the two periods due to the variations below.

Accounting, audit and legal fees were \$6,500 in the period as compared to \$22,907 in 2016. The amount decreased in the current period due to timing of professional fees incurred with the various transactions the Company has been seeking throughout the current and prior year.

Filing and transfer agent fees were \$9,661 in the period as compared to \$7,655 in 2016. Filing fees increased due to the timing and number of various filings as compared with the prior year, including various press releases on share consolidations and the letter of intent signed with TGC contributing to the increase in the current year.

General and administrative fees were \$24 in the period as compared to \$522 in 2016. These fees relate to bank charges and interest on old accounts and are expected to remain constant between quarters. The higher expense in the prior period is due to website hosting expenses incurred in the prior period.

SIX MONTHS ENDED JUNE 30, 2017

Net loss for the six month period ended June 30, 2017 was \$68,560 as compared to a net loss of \$35,546 in 2016. The increase in net loss between the two periods is due to higher professional and consulting fees in connection with an effort to seek project opportunities for the Company.

Accounting, audit and legal fees were \$55,658 in the period as compared to \$26,550 in 2016. Professional fees are expected to remain constant quarter to quarter going forward. The amount increased in the current period as the Company incurred legal and consulting expenses in an effort to seek project opportunities for the Company including the letter of intent signed with TGC.

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Filing and transfer agent fees were \$12,814 in the period as compared to \$8,409 in 2016. Filing fees increased due to the timing and number of various filings as compared with the prior year, including various press releases on share consolidations and the letter of intent signed with TGC contributing to the increase in the current year.

General and administrative fees were \$88 in the period as compared to \$587 in 2016. These fees relate to bank charges and interest on old accounts and are expected to remain constant between quarters. The increase in the prior period is due to website hosting expenses incurred in the prior period.

YEAR ENDED DECEMBER 31, 2016

Net loss for the year ended December 31, 2016 was \$58,148 as compared to a net loss of \$48,657 in 2015. Net loss decreased between the two periods due to the variations below.

Consulting fees for the year ended December 31, 2016 were \$nil as compared to a \$10,000 in 2015. The decrease in consulting fees between the two periods is due to fees in connection with the letter of intent signed with Vertichem during the comparable period.

Accounting, audit and legal fees were \$51,337 in the period as compared to \$27,157 in 2015. The amount increased in the current period as the Company incurred legal and consulting expenses in an effort to seek project opportunities for the Company.

Filing and transfer agent fees were \$6,173 in the period as compared to \$11,366 in 2015. Filing fees decreased due to the timing and number of various filings as compared with the prior year as well as reimbursement of fees.

General and administrative fees were \$638 in the period as compared to \$134 in 2015. These fees relate to bank charges and interest on old accounts and are expected to remain constant between quarters. The increase in the current period is due to an increase to website hosting expenses.

LIQUIDITY

Financings

On April 15, 2016, the Company closed a private placement for aggregate gross proceeds of \$15,000 through the issuance of 300,000 common shares of the Company at a price of \$0.05 per common share.

On March 16, 2017, the Company settled an aggregate of \$278,855 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of an aggregate of 5,577,099 common shares of the Company at a price of \$0.05 per Common Share. All common shares issued in connection with the debt settlement are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Operating Activities

Cash flow provided by operating activities during the six month period ended June 30, 2017 was \$715 compared to cash used in operating activities of \$14,711 during the same period in 2016.

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Financing Activities

Cash flow provided by financing activities during the six month period ended June 30, 2017 was \$nil compared to cash from financing activities of \$15,000 during the same period in 2016. The decrease is due to a private placement of 300,000 shares for proceeds of \$15,000 completed during the prior period.

Liquidity Outlook

Wamco had cash of \$8,636 available at June 30, 2017, an increase of \$715 from the balance at December 31, 2016 of \$7,921.

As at June 30, 2017, the Company had a working capital deficiency of \$22,711, a decrease of \$210,295 from the working capital deficiency of \$233,006 at December 31, 2016.

Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and, as such, alternative funding programs are also being pursued by the Company.

The Company must utilize its current cash reserves, issue shares for financing, and other financing transactions to maintain the Company's capacity to meet working capital requirements, and ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company anticipates that it will raise additional capital when and if the opportunity arises. See "Risk Factors".

The Company believes that it will be able to raise funds in the short-term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

On the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution.

HST recoverable is comprised of sales tax receivables from the Government of Canada.

OFF BALANCE SHEET TRANSACTIONS

During the six month period ended June 30, 2017, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

PROPOSED TRANSACTIONS

On March 31, 2017, the Company announced that it and certain of its principal shareholders have entered into a binding agreement (the “Agreement”) with TCG Acquisition Corp. (“TCG”) which outlines the general terms and conditions of a proposed transaction pursuant to which Wamco will acquire all of the issued and outstanding securities of TCG in exchange for securities of Wamco. The proposed transaction is anticipated to be carried out by way of amalgamation or other similar transaction, pursuant to which TCG will amalgamate with a wholly-owned subsidiary of Wamco (the “Proposed Transaction”). As a result of the Proposed Transaction, the Company will continue on with the business of TCG.

As contemplated by the Agreement, Wamco and TCG intend to apply to the Canadian Stock Exchange (“CSE”) for the listing of the Wamco Shares (the “Listing”). TCG is a privately held company incorporated pursuant to the Business Corporations Act (Ontario). TCG has been formed for the initial purpose of making investments primarily in the United States.

The Proposed Transaction is subject to, among other things, receipt of the requisite shareholder approvals, approval of the CSE, and additional conditions as described in the Agreement. Holders of greater than 70% of the Wamco Shares have entered into agreements to support the Proposed Transaction.

Prior to the completion of the Proposed Transaction, Wamco will call a meeting of its shareholders for the purpose of approving, among other matters, (i) a possible consolidation of the issued and outstanding Wamco Shares (the “Consolidation”); (ii) a change of name of Wamco to a name to be determined by TCG and acceptable to regulatory authorities; (iii) the election of nominees of TCG to the board of directors of Wamco; (iv) the approval of the Proposed Transaction, if required under applicable law; and (v) such other matters as the parties or the CSE may require. Upon closing of the Proposed Transaction, the board of directors of Wamco will be reconstituted in a manner that complies with the requirements of the CSE and applicable securities laws. TCG shall be entitled to all nominees on the reconstituted board, subject to the receipt of applicable regulatory approvals. In connection with the Proposed Transaction, TCG intends to undertake one or more equity financings (the “TCG Financing”).

Upon closing of the Proposed Transaction, all securities of TCG issued in connection with the TCG Financing will automatically be exchanged for post-Consolidation Wamco Shares on the same terms as existing TCG securities.

As of the date of this MD&A, the transaction has not yet closed.

DIVIDENDS

The Corporation has neither declared nor paid any dividends on its common shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

CONTINGENCIES AND COMMITMENTS

On the date of this MD&A, there are no outstanding contingencies or commitments outside of normal working capital obligations.

RELATED PARTY TRANSACTIONS

During the six month period ended June 30, 2017, \$8,000 (2016 - \$6,000) was charged for services by the Chief Financial Officer.

Amounts due to related parties represent amounts owing to directors for cash advances. The amounts are unsecured, bear no interest and have no specified terms of repayment. As at June 30, 2017, \$5,000 (December 31, 2016 - \$7,500) is owing to directors for cash advances.

As at June 30, 2017, \$9,040 (December 31, 2016 - \$89,270) in amounts due to related parties was included in trade and other payables.

SIGNIFICANT ACCOUNTING POLICIES

Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will

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ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

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Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At June 30, 2017 the Company has not classified any financial assets as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At June 30, 2017 the Company has not classified any financial liabilities as FVTPL.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of nonfinancial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss and the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; capital assets, including gold reserves and resources, depreciation and depletion; recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

Financial Instruments and other Instruments

Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash, trade and other receivables, trade and other payables, due to related parties and loan payable.

The Company's financial instruments as at June 30, 2017 include cash, trade and other payables, due to related parties and note payable. Fair value of cash is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other payables, due to related parties and loan payable are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

As at June 30, 2017, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Financial Instrument Risk Exposures

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted. Fluctuation in currency exchange rates, principally the Canadian/US dollar exchange rate, can impact the Company's earnings and cash flows.

Risks and Uncertainties

Interest Rate Risk

The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

Business Risk

The Company's business is highly uncertain and risky by its very nature. Future business opportunities pursued by the Company may be in other fields, and are also likely to be risky. In addition, the ability to raise funding in the future to maintain the Company's search for new business opportunities, and to carry through with the ensuing activities is dependant on financial markets that often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently successful business proposal is developed, there is no assurance that it

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will ever be carried out or be profitable, as its potential economics are influenced by many key factors such as the general state of the economy, foreign exchange rates, equity markets and political interference, permitting approvals, which cannot be controlled by management.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of any potential project opportunities. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

DISCLOSURE OF OUTSTANDING SHARE DATA

SHARE CAPITAL

The following table sets forth information concerning the outstanding securities of the Company as at July 27, 2017:

Common Shares of no par value	Number
Shares	6,603,244
Warrants	Nil
Options	Nil

See note 6 to the unaudited interim condensed consolidated financial statements for the three and six month periods ended June 30, 2017 and 2016 for more detailed disclosure of outstanding shares data.

OTHER INFORMATION

This MD&A of the financial position and results of operations as at June 30, 2017, should be read in conjunction with the unaudited interim condensed financial statements for the three and six month periods ended June 30, 2017 and 2016 and the audited financial statements for the years ended December 31, 2016 and 2015. Additional information will be accessible through the Company's public filings at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of ICFR. Management conducted an assessment of the effectiveness of the ICFR in place as of June 30, 2017 and concluded that such procedures are adequate and effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with International Financial Reporting Standards. Any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's controls are based on the Committee of Sponsoring Organizations ("COSO") 2013 framework. The Company's CEO and the CFO have evaluated the design and effectiveness of the Company's DC&P as of June 30, 2017 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company. The CEO and CFO have also evaluated the design and effectiveness of the Company's ICFR as of June 30, 2017 and concluded that these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the current period there have been no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this MD&A. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the financial statements in all material aspects.

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Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the financial statements with management. The Board of Directors has approved these financial statements on the recommendation of the Audit Committee.

“Lisa McCormack”

Lisa McCormack
President
July 27, 2017