This Management Discussion and Analysis ("MD&A") of La Jolla Capital Inc. (the "Company" or "La Jolla") (formerly MicroCoal Technologies Inc. and previous to that Carbon Friendly Solutions Inc. ("MicroCoal"), has been prepared by management as of November 27, 2015 and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended June 30, 2015.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in the Company's presentation currency which is Canadian dollars.

FORWARD LOOKING INFORMATION

The following discussion contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements may include, among other things, statements concerning plans, objectives and future economic prospect, expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements and industry result, to be materially different from what is said or implied with such forward-looking statements.

COMPANY OVERVIEW

The Company was incorporated on April 6, 1990 as a provincial company under the laws of British Columbia, and on June 19, 1997 the Company continued as a federal corporation under the Canada Business Corporation Act. On September 2, 2008, the Company completed a share exchange with Global CO2 Reduction Inc. (Global CO2) and changed its name to Carbon Friendly Solutions Inc. On June 25, 2013 the Company changed its name to MicroCoal Technologies Inc. ("MicroCoal" or "MTI"). MicroCoal was listed on the Canadian Securities Exchange ("CSE") under the symbol "MTI" and the Frankfurt Stock Exchange under the symbol "0FS-FRA" ("zero FS-FRA"). On May 21, 2015, pursuant to a Plan of Arrangement the Company transferred certain assets in exchange for shares of a new entity called Targeted Microwave Solutions Inc. ("TMS"). The common shares of MicroCoal were delisted from the CSE concurrent with the listing of the TMS common shares.

The Company changed its name to La Jolla Capital Inc. and continues to be a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Company currently intends to apply to list the La Jolla Shares with the CSE once it has met the listing criteria.

Until May 2015, the Company was in the business of researching and developing a coal technology using patented technologies to dewater, decontaminate and upgrade low-rank coals for use by power utilities and coal companies. Subsequent to the Plan of Arrangement, the principal business is the exploration and development of mineral properties. The Company holds an interest in the Goldsmith Property located in British Columbia, Canada.

2015 HIGHLIGHTS AND OVERVIEW

Plan of Arrangement

On May 21, 2015, the Company completed a previously announced Plan of Arrangement under the Canada Business Corporations Act (the "Plan of Arrangement" or "Arrangement") with its security holders and its wholly-owned subsidiary Targeted Microwave Solutions Inc. ("TMS"). Pursuant to the Arrangement, the Company caused substantially all of its business, operations, assets and liabilities to be transferred to TMS. Following completion of the Arrangement, the Company and TMS had substantially the same management and consultants as MicroCoal had prior to the Arrangement.

As a result of the Arrangement, among other things: (i) each holder of MicroCoal's common shares as at the effective time of the Arrangement was entitled to receive 1 common share of TMS for each common share of MicroCoal held at the effective time of the Arrangement; and (ii) the shareholders of MicroCoal received 100% of the common shares of TMS in the same proportion as they previously held in TMS and holders of warrants to purchase MicroCoal shares or units are entitled to receive warrants to purchase TMS shares or units.

Share Consolidation

On May 21, 2015, pursuant to the Plan of Arrangement, the Company consolidated its issued and outstanding common shares on a 50:1 basis (the "Share Consolidation"). This Share Consolidation resulted in the pre-consolidation issued and outstanding total shares of 179,500,076 being consolidated on a 50:1 basis. After effecting all transactions, there were 3,589,990 issued and outstanding common shares which became the new share capital of the Company. The Share Consolidation affected all of MicroCoal's issued and outstanding common shares on May 21, 2015. Fractional shares were not issued. Pre-consolidation there were 32,913,886 MicroCoal warrants issued and outstanding. These warrants were transferred to TMS and do not exist post-consolidation. Prior to the Plan of Arrangement, there were 3,220,000 stock options all of which were cancelled. Certain comparative information regarding issued and outstanding common shares, warrants, stock options and weighted average number of share amounts have been re-presented on a post-consolidation basis.

Appointment of new management

On June 17, 2015, the Company announced the resignation of its former directors and officers with new management announced as Eugene Beukman, as Chief Executive Officer and director, Damanjit Gahunai, as Chief Financial Officer and director, and Aman Thindal, as a director.

Eugene Beukman. Mr. Beukman graduated from Rand University of Johannesburg, South Africa, with a Bachelor of Law degree and a Bachelor of Law Honours Postgraduate degree in 1987. From 1987 until January 1993, when he moved to Vancouver, British Columbia, Mr. Beukman was employed as a legal advisor to the predecessor of BHP Billiton. Mr. Beukman has over twenty years' experience in the acquisition of assets and joint ventures. Mr. Beukman is also an Admitted Advocate of the Supreme Court of South Africa. Mr. Beukman also serves as an audit committee member for a number of other publicly listed companies.

Damanjit Gahunia. Mr. Gahunia is the senior accountant with CGG Services Canada Inc., a position he has held since November 2010. Mr. Gahunia graduated from the British Columbia Institute of Technology in 2009 with a Bachelor of Technology Degree in Accounting and is a Certified General Accountant. Mr. Gahunia has over 7 years' experience working with publicly listed companies in both Vancouver and Calgary.

Aman Thindal. Mr. Thindal is the Chief Financial Officer at Hamza Thindal. He has over 6 years of experience and knowledge as an independent investor and has provided consulting services to private companies. At Hamza Thindal, he is responsible for financial due diligence, corporate structuring and tax management strategies. Prior to joining Hamza Thindal, he spent 4 years as a partner and CFO of a Greater Vancouver based private mid-tier real estate development company where he played an active role in land acquisitions, financial management, human resources and marketing of the company's projects. During his tenure Mr. Thindal helped the company secure over $75,000,000 in both traditional mortgage and private equity financing. Mr. Thindal obtained his Chartered Accountant Designation in 2010 and he holds a Bachelor of Business Administration degree with joint concentration in Accounting and Finance from Simon Fraser University.

Operations

TMS will pursue the business and operations carried on by MicroCoal prior to the Arrangement. La Jolla intends to focus on the exploration and development of mineral properties. On July 8, 2015, the Company acquired the Goldsmith Property located near Kaslo, British Columbia.

Prior to the Arrangement, the Company focused on commercializing the use of its technologies to upgrade low-rank coals to replace a portion of high-rank coals consumed in energy generation by power utilities. The deployment of the technology offers utilities significant economic, as well as operational performance benefits. The proprietary dry coal technology has significant growth potential into multiple geographies and various industrial markets.

The period prior to the Arrangement associated with the MicroCoal business included significant activities including the following. Previous MicroCoal shareholders are directed to the filings of Targeted Microwave Solutions Inc. on SEDAR (www.sedar.gov) or the Canadian Securities Exchange website.

- In March 2015, the Company announced that it was in advanced stage discussions to move its interim research laboratory from Gaithersburg Maryland to a larger facility in Germantown, Maryland. In August 2015, TMS finalized the lease for the new research and development facility.

- In June 2015, TMS announced the completion of construction and commissioning of its commercial demonstration facility in King William, Virginia (the "Virginia Facility"). The Virginia Facility is comprised of three stand-alone structures, consisting of a processing plant, an analytical laboratory and a coal storage facility. TMS is actively pursuing a structured research program after which time TMS will be in a significantly advance position to continue to pursue its commercialization activities.

In addition, there the following corporate activities occurred during the year ended:

- On May 21, 2015, in conjunction with the Arrangement, two of the wholly-owned subsidiaries of the Company were amalgamated into MicroCoal. This had no impact on financial position or results of operations.

- On January 26, 2015, the Company repaid convertible loans payable to its Chairman in full, in the principal amount of US$1,125,000 plus accrued interest.

- On January 22, 2015, the Company closed an agreement with Jiu Feng Investments Inc. under which a corporation was formed, domiciled in Hong Kong, of which MicroCoal held a 51% equity interest. As consideration for office and research space, assets and expense contributions, MicroCoal issued 200,000 (pre-consolidation 10,000,000) common shares at a total fair value of $1,440,000, to Jiu Feng Investments. This amount was recorded as share-based compensation. The subsidiary was transferred to TMS as this entity will research, develop and market to the Asian region in preparation for the commercialization of the microwave technology, including sourcing and testing coal samples from Asian markets.

- On January 21, 2015, the Company closed an Investment Agreement with Satellite Overseas (Holdings) Limited, an affiliate of Cadila Pharmaceuticals Limited. In connection with the agreement, MicroCoal issued 1,580,933 (pre-consolidation 79,046,666) common shares to the investor at $7.50 (pre-consolidation $0.15) per share for aggregate gross proceeds of $11,857,000 (US$10,000,000).

PLAN OF ARRANGEMENT

Pursuant to an agreement dated April 13, 2015 and amended May 11, 2015, on May 21, 2015, MicroCoal shareholders approved the Arrangement whereby MicroCoal transferred certain assets of the Company to TMS in exchange for common shares of TMS. The common shares of TMS began trading on the CSE at the open of the market on May 22, 2015 under the symbol "TMS". As part of the Arrangement, MicroCoal reorganized its capital and distributed the TMS common shares to the shareholders of the Company. The common shares of MTI were delisted from the CSE concurrent with the listing of the TMS common shares.

The reorganization of the Company's capital involved several transactions including: (i) the issuance of 179,500,076 acquisition swap shares and 179,500,076 Class B preferred shares in exchange for each MTI Class A share with the Class B shares assigned the value of the net identified assets transferred; (ii) the redemption of these Class B shares and the cancellation of the Class A and Class B shares; and (iii) the share consolidation of the acquisition swap shares on a 50:1 basis. In addition, each MTI warrant held by a MTI warrant holder was exchanged for one TMS warrant and the MTI warrants were cancelled.

The Company accounted for the distribution of the TMS shares as follows:

	May 21, 2015
Fair value of assets distributed	$ 44,875,019
Less: net assets transferred	
Cash	$ 6,624,456
Receivable	78,325
Prepaid	7,310
Property and equipment	3,576,619
Fair value of derivative liabilities	(178,578)
	$ 10,108,132
Net gain on distribution before withholding taxes	$ 34,766,887

IFRIC 17 - "Distributions of non-cash assets to owners" requires that the assets being distributed pursuant to a non-reciprocal distribution to owners acting in their capacity of owners, be measured and derecognized at their fair value at the date of the distribution. The distribution was charged to deficit.

The gross non-cash gain on distribution of $34,766,887 recognized during the year ended June 30, 2015 represents the excess of the estimated aggregate fair value of the net assets distributed over their carrying value. The gain presented in the Consolidated Statements of Comprehensive Income (Loss) is net of estimated withholding taxes and interest of $2,150,000.

SUMMARIZED ANNUAL FINANCIAL RESULTS

The following table sets out selected annual financial results from the consolidated audited financial statements:

Years ended June 30,	2015	2014	2013
	$	$	$
Revenues	Nil	Nil	Nil
Gross profit (loss)	Nil	Nil	Nil
Operating expense	3,992,928	4,500,773	4,961,789
Other income (expense)	35,094,498	(2,969,923)	1,326,936
Current income tax expense	-	-	(46,000)
Net income (loss) for the year	30,141,570	(7,470,696)	(3,680,853)
Earnings (loss) per share (post-consolidation)	11.79	(4.84)	(2.89)
Total assets	5,222	203,249	3,783,148
Total long-term liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

The net income for the year ended June 30, 2015 ("fiscal 2015") was $30,141,570 or $11.79 earnings per share, compared to a net loss of $7,470,696 or $4.84 loss per share for the year ended June 30, 2014 ("fiscal 2014"). Compared to the year ended June 30, 2014, the net income for the year ended June 30, 2015 was impacted by the following factors:

- Operating expense decreased by $507,845 in the year ended June 30, 2015. In addition to the fact that there only eleven months of operating expenses during the year associated with the prior Microcoal business, the following occurred.
  - During fiscal 2014, the Company determined that the coal technology and plant prototype were impaired. Until the date of the decision to dismantle the plant, amortization expense of $1,411,864 associated with amortizing the plant prototype at 20% per annum was recorded. This expense was not incurred in the year ended June 30, 2015.
  - During fiscal 2015, there was share-based compensation expense of $1,466,284 of which $1,440,000 related to the shares issued to Jiu Feng Investments. This expense did not occur in fiscal 2014.
  - During fiscal 2015, there was $575,823 of accretion expense associated with the convertible loans payable due which were not outstanding during fiscal 2014.
  - During fiscal 2015, there was a gain on foreign exchange from operations of $389,432 compared to a loss of $102,824 in fiscal 2014 which was the result of transactions and fluctuations in the US$ versus Canadian dollar exchange rates in the period.
  - The sole focus in fiscal 2015 was on the microwave technology and the construction of the Virginia facility whereas fiscal 2014 focused on this and the coal/biomass business for a portion of the year.

SUMMARIZED ANNUAL FINANCIAL RESULTS (continued)

- Other income (expense) increased to a gain position from a loss position for a change of $38,064,421. Transactions recorded in fiscal 2015 and fiscal 2014 are not related. During fiscal 2015, the most significant transactions included:

    - The Company realized a gain on the distribution of shares to TMS in exchange for transferred assets. The gain of $34,766,886 represents the excess of the estimated aggregate fair value of the net assets distributed over their carrying value as detailed in the Plan of Arrangement section above. The gain is net by estimated withholding taxes and interest of $2,150,000. In addition, a tax provision of $960,000 associated with the gain was recorded during the year ended June 30, 2015.

    - The Company realized a gain on settlement of debt of $1,528,843 on loans payable previously held by Orica US Services Inc. The loans originated when the Company purchased the remaining ownership of MicroCoal Inc. in 2013. The loans were renegotiated in August 2014 the outstanding loans payable and accrued interest was settled for $160,065 (US$150,000).

    - The Company realized a change in the derivative liability associated with the conversion feature of the convertible loans payable of $530,099 in fiscal 2015.

    - As a result of issuing stock options and warrants in US$ derivative liabilities resulted. All derivative liabilities were derecognized at the date of Arrangement as these instruments no longer exist at that date and a gain in fair value of the derivative liabilities of $575,451 was recorded.

This discussion does not include discontinued operations disclosure. Given the impact of the Arrangement, all operations are in fact discontinued. La Jolla will no longer carry out activities associated with the microwave technology which was the main focus of TMS, and after this transaction the Company had no active operations. There will be no correlation between its new operations its old operations.

SUMMARY OF QUARTERLY RESULTS

	2015				
	Q1	Q2	Q3	Q4	Total
	$	$	$	$	$
Total assets	412,324	1,045,491	11,973,753	5,222	5,222
Net income (loss)	966,840	(524,446)	(413,445)	30,112,621	30,141,570
Earnings (loss) per share – post-consolidation	0.55	(0.29)	(0.13)	8.40	11.79

	2014				
	Q1	Q2	Q3	Q4	Total
	$	$	$	$	$
Total assets	4,216,850	3,690,966	2,949,416	203,249	203,249
Net loss	(1,634,804)	(1,419,124)	(1,052,355)	(3,364,413)	(7,470,696)
Loss per share – post-consolidation	(1.14)	(0.92)	(0.67)	(2.05)	(4.84)

RESULTS OF OPERATIONS

The above quarterly results are not indicative of the future operations of La Jolla as they represent both the coal and microwave technology businesses which will not be carried forward in this company. During the three months ended June 30, 2015 ("fourth quarter 2015"), the Arrangement was completed which resulted in only a portion of comparable expenses being incurred in fourth quarter 2015 compared to fourth quarter 2014. In addition, during the fourth quarter of 2015 a gross non-cash gain on disposition of shares of $34,766,886 was recorded associated with the Plan of Arrangement. This gain is non-recurring. The Company recorded $3,110,000 in withholding taxes, interest and tax provision related to this gain. During the fourth quarter 2014, the net loss included an impairment charge $2,234,758 associated with the coal plant prototype which was dismantled in that period. This charge did not recur in fourth quarter 2015; however, other transactions occurring including derecognition of the derivative liabilities as described above and share-based compensation. Professional fees increased fourth quarter 2015 over fourth quarter 2014 associated with the planning and execution of the Arrangement.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash on hand of $129 at June 30, 2015 (June 30, 2014 - $86,652) and negative working capital of $3,392,938 (June 30, 2014 - $2,942,247 deficiency).

The Company's is currently not generating any cash flows; as such, the Company is dependent on external and related party financing to fund its costs. The Company does not have any working capital and will need to raise additional amount in order to meet its obligations. Companies in this stage typically rely upon equity and debt financing to fund operations. The Company is not listed on a stock exchange at June 30, 2015. There is no certainty with respect to the Company's ability to raise capital.

At June 30, 2015, the Company expects that it will be able to obtain funding from investors in order to meet its obligations. Additional financing will need to be obtained for the planned development and exploration of the mining interest acquired subsequent to year end.

During the year ended June 30, 2015, in addition to the settlement of costs in the period, the significant cash movements were:

- In January 2015, the Company issued 1,580,933 (pre-consolidation 79,046,666) common shares of MicroCoal in exchange for $11,857,000 in cash proceeds. These funds were used to fund the construction of the Virginia facility and costs associated with the research and development of the microwave technology. They were also used to repay the US$1,125,000 loans payable due from the Chairman of the Company. The remaining monies were transferred to TMS as part of the Arrangement.

- The Company completed the fourth through seventh tranche of a non-brokered private placement during the year resulting in the issuance of 125,635 (pre-consolidation 6,281,741) common shares for total proceeds of $1,368,082 net of issuance costs of $55,172.

Outstanding Share Data

The authorized share capital consists of an unlimited number of common shares without par value. As at November 27, 2015, there were 5,983,324 post-consolidation common shares outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management includes the President, Chief Executive Officer and the Chief Financial Officer and their controlled companies. Compensation paid or payable to key management for services provided during the years ended June 30, 2015 and 2014 was as follows:

	2015	2014
Consulting, Management, Director and Professional fees	$ 1,149,777	$ 1,045,517
Settlement fees on option exercises	-	224,200
Fair value of shares and warrants issued to settle debt	-	434,457
Share-based compensation	73,284	71,421
Compensation paid to related parties	$ 1,223,061	$ 1,775,595

For the year ended June 30, 2015, included in Consulting, Management, Directors' fees and Professional fees are amounts paid to key management of $442,654 (2014 - $990,212). During the year ended June 30, 2015, $47,000 (2014 - $18,000) representing share-based compensation associated with the issuance of shares to a former officer was included in consulting fees.

There were no balances due to related parties at June 30, 2015.

BASIS OF PRESENTATION

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee and the former Standing Interpretations Committee. The Company's significant accounting policies are described in Note 2 of the Company's consolidated financial statements for the year ended June 30, 2015.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Considering the status of the Company, there are no such estimates that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

FINANCIAL INSTRUMENTS RISK EXPOSURE

As at June 30, 2015, the Company's financial instruments consist of limited amounts of cash, receivables, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values because of their current nature. The new management of La Jolla has not put in a risk management strategy as yet as there are no significant assets or operations. Prior to the Arrangement, MicroCoal was exposed to the following risks which management assessed and managed.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings. The Company has no regular cash flow from its operating activities. MicroCoal managed its liquidity risk by forecasting cash flow requirements for its planned research and development and corporate activities and anticipating investing and financing activities. Management and the Board of Directors were actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. In the opinion of the management of La Jolla, sufficient cash flow to meet the obligations of the Company will be available.

Interest rate Risk

Interest rate risk is the result that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company was not exposed to significant interest rate risk as loans payable were at fixed interest rates with short-term maturities.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company was mainly exposed to credit risk from holding cash, which it mitigates from holding balances with major financial institutions.

Currency Risk

The Company was exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in the US$. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant. At June 30, 2015, $79,820 of accounts payable and accrued liabilities was denominated in US$. At June 30, 2014, the following balances were denominated in US$: $70,541 of cash; $216,683 of accounts payable and accrued liabilities; and $875,000 of loans payable.

OTHER RISKS AND UNCERTANTIES

The Company may be subject to a number of risk and uncertainties, each of which could have an adverse effect on business prospects or financial position. The risks associated with the Company's business are included under the title "*Risk Factors Relating to the Acquisition Company's Business*" in the Management Information Circular filed on SEDAR on April 17, 2015.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

CHANGES IN ACCOUNTING STANDARDS NOT YET EFFECTIVE

Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Annual Improvements

In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014. In September 2014, the IASB issued Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These Annual Improvements made necessary but non-urgent amendments to existing IFRSs. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

EVENTS OCCURING AFTER REPORTING DATE

On July 8, 2015, the Company purchased the Goldsmith Property, a gold exploration property located near Kaslo, British Columbia. The Company acquired all the vendor's right, title and interest in the Goldsmith Property for a total of 2,393,334 common shares. The property consists of three mining claims comprising a total area of approximately 350 hectares.

The Company's interest in the Goldsmith Property is subject to an underlying option agreement pursuant to which the Company will be required to make the following payments to maintain its interest: (i) $35,000 on or before April 30, 2016; (ii) $75,000 on or before April 30, 2017; (iii) $110,000 on or before April 30, 2018; and (iv) $1,000,000 upon any commencement of commercial production. In addition, the Goldsmith Property is subject to a 3.0% net smelter returns royalty in favour of a prior claimholder, 50% of which may be repurchased for $1,500,000.