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 May 27, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2016 and related notes thereto of the Company.

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 Plan of Arrangement is described in the Company's management discussion and analysis for the year ended June 30, 2015 and in notes 4 and note 12 of the amended consolidated financial statements of La Jolla for the year ended June 30, 2015.

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.

THIRD QUARTER 2016 HIGHLIGHTS

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. Management determined the value of the interest to be $50,000.

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 (extended for 6 months); (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.

Operations

La Jolla intends to focus on the exploration and development of mineral properties and/or considering a range of opportunities across various industry segments to create shareholder value.

SUMMARY OF QUARTERLY RESULTS

	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	$	$	$	$
Total assets	83,246	84,554	51,856	5,222
Net income (loss)	(28,018)	(110,509)	(10,887)	30,112,621
Earnings (loss) per share				
- post consolidation	(0.01)	(0.02)	(0.00)	8.40

	Q3 2015	Q2 2015	Q1 2015	Q4 2014
	$	$	$	$
Total assets	11,973,753	1,045,491	412,324	203,249
Net income (loss)	(413,445)	(524,446)	966,840	(3,364,413)
Earnings (loss) per share				
- post consolidation	(0.13)	(0.29)	0.55	(2.05)

RESULTS OF OPERATIONS

Three months ended March 31, 2016

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 March 31, 2016, he Company accrued accounting, consulting and management fees to the Company's CEO and CFO and also incurred other operating expenses including investor relations, agents and fees of $998 and bank charges of $20.

During the three months ended March 31, 2015, the Company incurred $817,524 of operating expenses associated with the former business. These costs were primarily consulting, management and director fees, professional fees and travel and promotion.

Nine months ended March 31, 2016

During the nine months ended March 31, 2016, the Company purchased an interest in the Goldsmith Property which was valued at $50,000. The Company also incurred consulting fees and accounting fees to related parties as discussed above.

During the nine months ended March 31, 2015, the Company incurred $2,107,481 of operating expenses associated with the former business. These costs were primarily consulting, management and director fees, professional fees and travel and promotion. These costs were offset by a gain on settlement of debt of $1,494,843 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 was settled for $160,065 (US$150,000).

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of $28,153 at March 31, 2016 (June 30, 2015 - $129) and working capital deficiency of $3,545,231 (June 30, 2015 – deficiency of $3,392,938).

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. There is no certainty with respect to the Company's ability to raise capital.

During the nine months ended March 31, 2016, the Company received $82,734 from various unrelated parties. The loans are unsecured, non-interest bearing and are due on demand.

At March 31, 2016, 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 and normal course operations.

Outstanding Share Data

The authorized share capital consists of an unlimited number of common shares without par value. As at May 27, 2016, 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 personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the nine months ended March 31, 2016, the Company accrued accounting fees of $20,000 to a company controlled by a director of the Company.

During the nine months ended March 31, 2016, the Company accrued consulting fees of $93,500 to directors of the Company.

As at March 31, 2016, the Company owed $114,270 to various directors and their companies, which is included in accounts payable and accrued liabilities.

BASIS OF PRESENTATION

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the IASB. Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. The Company's unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited amended consolidated financial statements for the year ended June 30, 2015.

The accounting policies applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in note 2 and 3 to the Company's audited amended 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 judgements and accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. During the nine months ended March 31, 2016, the Company purchased a mining interest and issued common shares. As the Company's common shares at that date were not listed and there was no comparable market measure of the value of the interest, Management estimated that the value of the mining interest was $50,000. Actual results may differ from this estimate as the estimation process is inherently uncertain.

FINANCIAL INSTRUMENTS RISK EXPOSURE

As at March 31, 2016, the Company's financial instruments consist of cash and accounts payable. 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 risks which are described in note 16 to the Company's amended consolidated financial statements for the year ended June 30, 2015. The following risks exist at March 31, 2016.

Liquidity Risk

At March 31, 2016, the Company held cash of $28,153 (June 30, 2015 - $129), had negative working capital of $3,545,231 (June 30, 2015 - $3,392,938). At March 31, 2016, the Company expects that it will be able to obtain funding from investors in order to meet its obligations.

Currency Risk

The Company is exposed to currency risk related to certain accounts payable and accrued liabilities and other payable amounts which were denominated in US$. As at March 31, 2016, there were US$59,820 denominated in US$ (June 30, 2015 - $79,820).

OTHER RISKS AND UNCERTAINTIES

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.