

## **Triangle Industries Ltd.**

Management Discussion and Analysis  
For the year ended December 31, 2012

As at April 17, 2013

**TRIANGLE INDUSTRIES LTD.**  
Management Discussion and Analysis  
For the year ended December 31, 2012

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## TRIANGLE INDUSTRIES LTD.

### Management Discussion and Analysis

For the year ended December 31, 2012

Triangle Industries Ltd. (the "Company" or "Triangle") is a public Canadian company. Its common shares are listed on the NEX and trade under the symbol of TIA.H.

The following Management Discussion and Analysis ("MD&A") of the Company should be read in conjunction with the Company's audited consolidated financial statements and notes for the years ended December 31, 2012 and 2011. The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars

This MD&A may contain forward-looking statements in respect to various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily be indicative of future results from operations.

This MD&A has been prepared by management as of April 17, 2013.

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### Description of Business

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The Company wound up its transloading business in the year ended December 31, 2010. Management is of the opinion that Company resources could be better utilized under a new business plan designed to improve the Company's prospects and to recapture shareholder interest.

The Company consists of an investment holding company with three inactive subsidiaries. The Company has adequate cash reserves to meet its ongoing costs of administration and is actively screening new investment opportunities.

On March 1, 2012, the Company received notice from the TSX Venture Exchange advising it of one Tier 2 Continued Listing Requirements (CLR) deficiency. The Tier 2 CLR deficiency resulted from the winding up of the Company's business under the Industrial Issuer classification. The Company has ceased to carry on an active business, which has resulted in the transfer of the Company's shares to the NEX board of the TSX Venture Exchange effective September 7, 2012. The NEX is a separate board of the TSX Venture Exchange that provides a trading forum for listed companies that have low levels of business activity or have ceased to carry on an active business.

The Company has no significant transactions pending at the date of this report.

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### Selected Annual Information

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The following table summarizes selected annual financial data reported by the Company for the years ended December 31. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and the related notes thereof:

	For the years ended December 31,		
	2012	2011	2010
Total interest income	\$ 6,052	\$ 2,315	\$ 1,381
Net Income (loss)	(41,074)	(119,411)	(575,758)
Loss per share, basic and diluted	(0.00)	(0.01)	(0.04)
Total assets	526,849	576,020	734,132
Total liabilities	15,978	24,075	62,776

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**Summary of Quarterly Results**

The following table summarizes select consolidated financial information concerning the Company for each of the eight most recently completed quarters:

Three Months Ended	2012				2011			
	Dec 12	Sep12	Jun 12	Mar 12	Dec-11	Sep-11	Jun-11	Mar-11
Total assets	\$ 526,849	\$ 534,337	\$ 539,599	\$ 558,638	\$ 576,020	\$ 607,865	\$ 678,044	\$ 713,367
Working capital	510,871	517,427	524,929	528,891	551,945	564,223	604,371	645,245
Income (Loss)	(6,556)	(7,502)	(3,962)	(23,054)	(12,278)	(40,148)	(40,874)	(26,111)
Basic and diluted income (loss) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Results of Operations and Financial Conditions****Fiscal 2012**

The following table summarizes results of operations and selected comparative information for the business:

	For the year ended December 31,		Change	
	2012	2011	as \$	as %
Net loss	\$ 41,074	\$ 119,411	\$ (78,337)	(190.7) %
Interest income	6,052	2,315	3,737	61.7 %
Gain on disposal of capital assets	10,542	2,000	8,542	81.0 %
Management fees	-	23,600	(23,600)	n/a
Professional fees	35,850	91,689	(55,869)	(155.8) %
General and administrative	57,668	123,726	(66,058)	(114.5) %

The Company incurred a loss and comprehensive loss of \$41,074 (2011 - \$119,411) during the year ended December 31, 2012. Some of the significant items are as follows:

- Interest income is from funds invested in term deposits redeemable upon demand without penalty.
- Gain on disposal of capital assets relates to equipment sold that was previously written-off.
- Management fees decreased over the comparative period because the service agreement was terminated during the year ended December 31, 2011.
- Professional fees include accounting, audit, tax and legal services and these amounts are included in general and administrative expenses. General and administrative expenditures decreased significantly over the prior year due to the decreased business activity in the current year.

**Fourth Quarter**

During the fourth quarter ended December 31, 2012, the Company incurred a loss and comprehensive loss of \$6,556 (2011 - \$12,278). The decrease in the in the current quarter was mainly due to a decrease in bad debts of \$6,617 as compared to the 2011 comparative period.

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**Summary of cash flows**

The following table summarizes comparative cash flow information of the Company:

	For the year ended December 31,		Change	
	2012	2011	as \$	as %
Operating cash flow	\$ (63,729)	\$ (167,873)	\$ 104,144	163.4 %
Investing activities	16,461	15,315	1,146	7.0 %
Change in cash	\$ (47,268)	\$ (152,558)	\$ 105,290	222.8 %
Cash, end of period	\$ 514,900	\$ 562,168	\$ (47,268)	(9.2) %

**Liquidity and Capital Resources**

The Company had working capital of \$510,871 as at December 31, 2012 (2011 - \$551,945) as shown in the following table.

	As at December 31,		Change	
	2012	2011	as \$	as %
Current assets	\$ 526,849	\$ 576,020	\$ (49,171)	(9.3) %
Current liabilities	15,978	24,075	(8,097)	(50.7) %
Working capital	510,871	551,945	(41,074)	(8.0) %
Working capital ratio	33.0 : 1	23.9 : 1		
Cash and receivables less payables	499,951	539,244	(39,293)	(7.9) %

Management expects the Company has sufficient resources and will be able to secure the necessary financing to meet the Company's requirements on an ongoing basis. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's overall strategy with respect to management of capital remains unchanged from the prior year.

**Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the year ended December 31, 2012, the Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management or related through a common director:

- (a) Management fees of \$Nil (2011 - \$7,000) to a company controlled by key management.
- (b) Management fees of \$Nil (2011 - \$16,600) in respect of office facilities and administrative services to a company related through a common director. This agreement for office facilities and administrative services was effectively terminated June 1, 2011.

Expenses have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

## TRIANGLE INDUSTRIES LTD.

Management Discussion and Analysis

For the year ended December 31, 2012

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### Financial Instruments, Capital Management and Risk Management

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#### Financial Instruments

##### Determination of Fair Value:

The carrying value of accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value because of the short-term nature of these instruments.

##### Fair Value Hierarchy:

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

- (i) *Level 1* - unadjusted quoted prices in active markets for identical assets or liabilities;
- (ii) *Level 2* - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) *Level 3* - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments using the fair value hierarchy as at December 31, 2012 are as follows:

Asset	Level 1	Level 2	Level 3	Total
Cash	\$ 514,900	\$ -	\$ -	\$ 514,900

#### Capital Management

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to expand its business for the benefit of its shareholders. The Company includes items in its shareholders' equity in the definition of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

#### Risk Management

The Company is exposed to the following financial risks:

- credit risk
- market risk
- liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

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#### General Objectives, Policies and Processes:

Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

##### a) Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and accounts receivable.

The Company's cash is held with a high-credit quality financial institution. The Company considers this risk to be minimal for all cash assets based on changes that are reasonably possible at the reporting date.

##### b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

###### (i) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuations.

###### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers the risk to be immaterial.

###### (iii) Commodity price risk

Commodity risk is the exposure to fluctuations in the market price of commodities. The Company does not have any commodity exposure.

###### (iv) Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company does not have any equity investments.

##### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total
Accounts payable and other liabilities:					
December 31, 2012	\$ 5,978	\$ 10,000	\$ -	\$ -	\$ 15,978
December 31, 2011	9,075	15,000	-	-	24,075

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For the year ended December 31, 2012

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#### Outstanding Share Data

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As of April 17, 2013, the following securities were outstanding:

Authorized:	Unlimited common shares without par value
Issued and outstanding:	13,656,957
Share options outstanding:	650,000
Warrants outstanding:	Nil
Share Capital :	\$ 7,147,892

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#### Recent Accounting Pronouncements

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The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

##### *Accounting Standards Issued and Effective January 1, 2013*

- IFRS 7, *Financial Instruments: Disclosures* (amended) requires additional disclosures on transferred financial assets.
- IFRS 10, *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 13, *Fair Value Measurement* defines fair value sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

##### *Accounting Standards Issued and Effective January 1, 2015*

- IFRS 9, *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

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#### Forward Looking Information

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The success of the Company depends upon a number of factors, many of which are beyond our control. Typical risk factors and uncertainties, among others, include political risks, financing risks, credit risks, commodity prices, exchange rate risks, and changing laws and public policies. As the Company is not presently involved in an active business, it is not currently exposed to industry specific risks.

*This annual Management's Discussion and Analysis may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Readers are encouraged to consider the other risks and uncertainties discussed in and additional information contained in the Company's required financial statements and filings filed on SEDAR at [www.sedar.com](http://www.sedar.com).*