

## **Triangle Industries Ltd.**

Management's Discussion and Analysis  
For the three and six months ended June 30, 2018

As at August 27, 2018

## Triangle Industries Ltd.

### Management's Discussion and Analysis

For the three and six months ended June 30, 2018

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of August 27, 2018 and is intended to assist in the understanding and assessment of trends and significant changes in the results of operations and financial condition of the Company. As such, it should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2018 and the audited consolidated financial statements for the years ended December 31, 2017 and 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars.

#### Cautionary Statement on Forward-Looking Information

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 discussion and analysis may not necessarily be indicative of future results from operations.

#### About Triangle Industries Ltd.

Triangle Industries Ltd. (the "Company" or "Triangle") was incorporated on November 16, 1983 in the Province of British Columbia, Canada and its common shares are listed on the NEX and trade under the symbol of TLD.H. The NEX is a separate board of the TSX Venture Exchange ("TSX-V") for companies that have a low level of business activity or have ceased to carry on active business.

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#### Description of Business

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Historically, the Company, through its wholly-owned subsidiaries Bridges Reload Inc., Burnaby Distribution Centres Inc. and Triangle Assets Management Ltd. operated a freight and warehousing service organization providing freight, reloading and warehousing services, collectively called "transloading".

On August 5, 2010, the Company announced the winding down of its transloading business and disposed of substantially all related assets by the end of 2010. Industry changes, the economic downturn, changing business conditions, and escalating land costs all contributed to this decision. Management was of the opinion that the Company's resources could be better utilized under a new business plan designed to improve prospects and to recapture shareholder interest. Since this time, the Company has been actively seeking opportunities to acquire or participate in new assets or businesses.

On September 7, 2012, the Company's shares were transferred to the NEX board of the TSX-V due to its lower level of business activity. The NEX is a separate board of the TSX-V 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 consists of an investment holding company with three inactive subsidiaries. Until the Company enters new business activities, it will have no revenue and will continue to incur expenses for accounting, legal, audit, tax, listing and transfer agent fees, and other costs associated with its stock exchange listing. The Company has adequate cash reserves to meet its ongoing costs of administration for the next 12 months while it continues to actively screen new investment opportunities. The Company has no significant transactions pending at the date of this report.

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#### Activities

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On March 2, 2018, the Company completed the sale of 20,000,000 non-transferable subscription receipts (the "**Subscription Receipts**") at a price of \$0.05 per Subscription Receipt for gross proceeds of \$1,000,000. Each Subscription Receipt is conditionally exchangeable for one unit (a "**Unit**") consisting of one common share and one warrant. Each warrant is exercisable to acquire a further common share at a price of \$0.05 per share for a period of 12 months (the "**Offering**"). All securities issued in connection with the Offering are subject to a statutory hold period of four months and a day, which expires on July 3, 2018.

Officers and directors of the Company participated in the sale of Subscription Receipts by purchasing 400,000 units for total gross proceeds to the Company of \$20,000.

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Under the Subscription Receipt Agreement, the proceeds are to be released to the Company upon:

- (i) shareholder approval of the Offering;
- (ii) completion of the consolidation of the Company's issued and outstanding shares on the basis of one new share for each two and a half old shares (the "**Consolidation**"); and,
- (iii) receipt of all necessary regulatory approvals (approved on April 6, 2018).

On April 3, 2018, the shareholders approved the Offering and the Consolidation. Post consolidation, the number of issued and outstanding shares has reduced from 13,656,967 to 5,462,783 shares. Additionally, 1,050,000 outstanding stock options, exercisable at a price of \$0.05 per share until November 15, 2020, are reduced to 420,000 for the same aggregate consideration prior to the Consolidation. To this will be added the 20,000,000 post-Consolidation shares in exchange of the Subscription Receipts, leaving 25,462,783 shares issued and outstanding.

On April 10, 2018, the proceeds from the sale of Subscription Receipts was received by the Company after having completed the Consolidation and after having obtained regulatory approvals.

The proceeds of the Offering will be used to source and execute a transaction by which the Company would acquire a new business or assets, and for general working capital. The Company is presently in no discussions about, and has no agreement for, such transaction, and there can be no assurance that the Company will be able to source or execute any such transaction.

On April 11, 2018, the Company's shares commenced trading on the NEX board of the TSX-V on a consolidated basis under the symbol "TLD.H" (formerly "TIA.H").

All current and comparative share amounts have been retroactively restated to adjust for the Consolidation.

On April 25, 2018, the Company issued 400,000 common shares related to 400,000 stock options with an exercise price of \$0.125 being exercised for gross proceeds of \$50,000 to certain former directors of the Company.

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## Summary of Quarterly Results

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The following table provides selected financial information of the Company, prepared in accordance with IFRS for each of the eight most recent quarters:

	2018		2017			2016		
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
		\$						
Total assets	\$ 1,124,159	1,268,584	\$ 331,619	\$ 336,853	\$ 338,243	\$ 353,434	\$ 360,773	\$ 365,795
Working capital	1,050,574	1,213,110	318,717	327,478	331,808	337,466	347,263	357,673
Loss and comprehensive loss	177,727	48,015	8,761	4,330	5,658	9,797	10,410	4,692
Basic and diluted loss per share	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00

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**Results of Operations and Financial Conditions**

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**Variance Analysis**

The following tables summarize results of operations and selected comparative information for the business:

	For the three months ended June 30,		Change	
	2018	2017	as \$	as %
Loss and comprehensive loss	\$ 177,727	\$ 5,658	\$ 172,069	3,041.2%
Consulting fees	23,125	-	23,125	100.0%
Director fees	60,000	-	60,000	100.0%
Office and administration	51,338	22	51,316	233,254.5%
Professional fees	17,327	4,608	12,719	276.0%
Transfer agent and shareholder costs	19,014	1,991	17,023	855.0%

During the three months ended June 30, 2018, the Company incurred a net loss of \$177,727 (2017 - \$5,568), an increase of \$172,069 or 3,041.2%, as compared to 2017.

An explanation of the variance is as follows:

- Consulting fees increased by \$23,125 or 100.0% in 2018 from 2017 as a result of increased activity from the Company's consultants related to business development for the Company and amounts paid to the Chief Financial Officer and Corporate Secretary of the Company.
- Director fees increased by \$60,000 or 100.0% in 2018 from 2017 as a result of a bonus paid to certain former directors for their past services.
- Office and administration increased by \$51,316 or 233,254.5% in 2018 from 2017 as a result of the increase in activity related to exploring new opportunities to acquire or participate in new assets and businesses.
- Professional fees include accounting, legal, audit and tax services. The increase of \$12,719 or 276.0% in 2018 from 2017 reflects the professional fees incurred to complete the Subscription Receipts Offering.
- Transfer agent and shareholder costs increased by \$17,023 or 855.0% in 2018 from 2017 as a result of completing the Subscription Receipts Offering.

	For the six months ended June 30,		Change	
	2018	2017	as \$	as %
Loss and comprehensive loss	\$ 225,742	\$ 15,455	\$ 210,287	1,360.6%
Consulting fees	23,125	-	23,125	100.0%
Director fees	60,000	-	60,000	100.0%
Office and administration	51,422	46	51,376	111,687%
Professional fees	60,412	11,275	49,137	435.8%
Transfer agent and shareholder costs	24,852	6,183	18,669	301.9%

During the six months ended June 30, 2018, the Company incurred a net loss of \$225,742 (2017 - \$15,455), an increase of \$210,287 or 1,360.6%, as compared to 2017.

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An explanation of the variance is as follows:

- Consulting fees increased by \$23,125 or 100.0% in 2018 from 2017 as a result of increased activity from the Company's consultants related to business development for the Company and amounts paid to the Chief Financial Officer and Corporate Secretary of the Company.
- Director fees increased by \$60,000 or 100.0% in 2018 from 2017 as a result of a bonus paid to certain former directors for their past services.
- Office and administration increased by \$51,376 or 111,687% in 2018 from 2017 as a result of the increase in activity related to exploring new opportunities to acquire or participate in new assets and businesses.
- Professional fees include accounting, legal, audit and tax services. The increase of \$49,137 or 435.8% in 2018 from 2017 reflects the professional fees incurred to complete the Subscription Receipts Offering.
- Transfer agent and shareholder costs increased by \$18,669 or 301.9% in 2018 from 2017 as a result of completing the Subscription Receipts Offering.

### Summary of cash flows

The following tables summarize the Company's cash flow information:

	For the six months ended June 30,	
	2018	2017
Cash flows used in operating activities	\$ (204,064)	\$ (24,578)
Cash flows provided by (used in) investing activities	(37,547)	39
Cash flows provided by financing activities	992,408	-

  

	June 30, 2018	December 31, 2017
Cash	1,075,992	325,195

The Company had a cash balance of \$1,075,992 as at June 30, 2018, an increase of \$750,797 from December 31, 2017, or a 230.9% increase. The increase in cash is a result of the proceeds from the Subscription Receipts Offering of \$942,408 and stock options exercised of \$50,000, offset by cash outflow related to operating activities of \$204,064 and cash outflow related to the purchase of equipment of \$37,547.

### Liquidity and Capital Resources

The balances of and changes in working capital are shown in the following table:

	As at	
	June 30, 2018	December 31, 2017
Current assets	\$ 1,089,350	\$ 331,619
Current liabilities	38,776	12,902
Working capital	\$ 1,050,574	\$ 318,717

Working capital increased by \$731,857 or 229.6% from \$318,717 to \$1,050,574 at June 30, 2018. The increase during the period is the result of a higher cash balance from the proceeds of the Subscription Receipts Offering and stock options exercised. Management estimates the cash balance of \$1,050,574 is sufficient for the Company's operations and that there is sufficient capital to meet current and short-term working capital requirements.

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**Off-Balance Sheet Arrangements**

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The Company does not utilize off-balance sheet arrangements.

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**Transactions with Related Parties**

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	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
			\$	\$
Consulting fees	7,500	-	7,500	-
Director fees	60,000	-	60,000	-
	<b>67,500</b>	<b>-</b>	<b>67,500</b>	<b>-</b>

Officers and directors of the Company participated in the sale of Subscription Receipts by purchasing 400,000 units for total gross proceeds to the Company of \$20,000.

On April 25, 2018, the Company issued 400,000 common shares related to 400,000 stock options with an exercise price of \$0.125 being exercised for gross proceeds of \$50,000 to certain former directors of the Company.

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**Financial Instruments, Capital Management and Risk Management**

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There were no significant changes to the Company's financial instruments, capital management and risk exposures during the six months ended June 30, 2018, as compared to those reported in the Company's annual financial statements for the years ended December 31, 2017 and 2016.

**I) Financial Instruments**

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities.

**Determination of Fair Value**

The carrying value of cash, receivables, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Fair Value Measurement Hierarchy	Financial assets at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost
As at June 30, 2018:				
Cash	Level 1	\$ 1,075,992	\$ -	\$ -
Receivables	Not applicable	-	997	-
Accounts payable and accrued liabilities	Not applicable	-	-	(38,776)
As at December 31, 2017:				
Cash	Level 1	\$ 325,195	\$ -	\$ -
Receivables	Not applicable	-	586	-
Accounts payable and accrued liabilities	Not applicable	-	-	(12,902)

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#### **Fair Value Hierarchy**

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

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### **II) Capital Management**

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

The Company sets the amount of capital required in proportion to its operating requirements and perceived risk of loss. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities and is open to new sources of financing to manage its expenditures in the interest of sustaining long-term viability. The Company's capital management objectives, policies and processes have not changed over the years presented.

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 is not subject to any externally imposed capital requirements.

#### **III) Risk Management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

##### **a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and receivables. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company's cash is held with a high-credit-rated financial institution and as such, the Company does not believe there to be a significant credit risk.

##### **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. Its interest rate risk is limited to potential decreases on the interest rate offered for 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.

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*(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 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 Company's policy is to ensure that it will have sufficient cash 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 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:					
June 30, 2018	\$ 38,300	\$ 476	\$ -	\$ -	\$ 38,776
December 31, 2017	4,762	8,140	-	-	12,902

**Outstanding Share Data**

As of the date of this report, the following securities were outstanding:

Authorized:	Unlimited common shares without par value
Issued and outstanding:	25,862,783
Share options outstanding:	20,000
Warrants outstanding:	20,000,000
Share Capital:	\$ 8,149,830

**Management and Board of Directors**

On April 25, 2018, Mr. Geoffrey Edwards resigned as a director, Chief Financial Officer and Corporate Secretary of the Company, and appointed Mr. Lucas Birdsall as a director, Chief Financial Officer and Corporate Secretary of the Company.

On May 4, 2018, Mr. Keith Scott resigned as a director of the Company.

On May 18, 2018, Mr. Sean Bromley was appointed as a director of the Company in place of Mr. Michael Reimann who has resigned.

On May 22, 2018, Mr. Richard Savage was appointed as a director and Chief Executive Officer of the Company to fill the vacancy left by Mr. Neil Halldorson who resigned.

On August 8, 2018, Mr. Brian Morrison was appointed as a director of the Company.



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## Recent Accounting Pronouncements

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### Changes in accounting standards

- IFRS 9 – Financial Instruments

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

- IFRS 15 – Revenue from contracts with customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

### Accounting standards and interpretations not yet effective

- IFRS 16 Leases is effective for years commencing on or after January 1, 2019, and will replace IAS 17, Leases. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value, while lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The Company intends to adopt IFRS 16 in its consolidated financial statements for the year commencing January 1, 2019.

The Company is currently assessing the impact of the adoption of IFRS 16.

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## Critical Accounting Estimates, Assumptions and Judgements

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The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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Areas where critical accounting estimates and assumptions have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

#### a) Recovery of Deferred Tax Assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its deferred tax assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

#### b) Share-based Payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

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## Forward Looking Information

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Triangle remains focused on seeking to identify and acquire a viable business while preserving its cash. 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 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).*

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## Other Supplementary Information

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Officers and Directors:

Richard Savage<sup>(3)</sup>  
Chief Executive Officer, Director

Lucas Birdsall<sup>(1)</sup>  
Chief Financial Officer, Director

Sean Bromley<sup>(2)</sup>  
Director

(1) Appointed on April 25, 2018.

(2) Appointed on May 18, 2018.

(3) Appointed on May 22, 2018.

Other information:

**Stock Exchange Listing**  
NEX of TSX Venture Exchange  
Trading Symbol "TLD.H"

**Registered Address**  
Suite 810 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2, Canada

**Auditors**  
Davidson & Company LLP  
Vancouver, British Columbia

**Transfer Agent**  
Computershare Trust Company of Canada  
Vancouver, British Columbia