



Management's Discussion and Analysis of Financial Condition and Results of Operations as at May 29th, 2015.

The following is management's discussion and analysis ("MD&A") of Chinook Tyee Industry Limited's (the "Company" or "Chinook") financial condition and results of operations for the three months ended March 31, 2015 and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes for the same reporting period. The MD&A will also outline the economic operating conditions and how these influence Chinook Tyee Industry Limited's business activities.

All references herein refer to the unaudited condensed consolidated financial statements and related notes for the three months ended March 31, 2015 and except where otherwise indicated, all financial information is expressed in Canadian dollars ("C\$"). Unless otherwise indicated, a reference to the "Company" or "Chinook" means Chinook Tyee Industry Limited and its subsidiaries. The financial year is the calendar year. Reference to a "fiscal year" means the Company's year commencing on January 1st of that year and ending on December 31st of that year. For example, fiscal 2014, means the period beginning January 1st, 2014 and ending December 31st, 2014. Reference to "reported quarter" means the three calendar months commencing on January 1st of that year and ending on March 31st of that year. In addition, reference will be made to "Notes", which refers to the Notes to the Unaudited Condensed Consolidated Financial Statements. References to Statements of "Financial Position", "Income or Loss" and "Cash Flows, refers to Unaudited Condensed Consolidated Statements of Financial Position, Comprehensive Income (Loss) and Cash Flows, respectively.

The Company files reports and other information on the System for Electronic Document Analysis and Retrieval ("SEDAR") in Canada at www.sedar.com. The Company's website is www.chinooktyee.com

Forward-Looking Statements

This document contains forward-looking statements. The Company's representatives may also make forward-looking statements orally from time to time.

Statements in this document that are not historical facts, including statements about the Company's beliefs and expectations, recent business and economic trends constitute forward-looking statements. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, forecasts of future revenue and expenditures, market conditions, specifically the Canadian and German stock markets, or other business plans. Forward-looking statements include statements regarding the intent, belief or current expectations of the Company, primarily with respect to the results of operations, financial position or cash flows of the Company.

The statements are based on current plans, estimates and projections and are subject to change. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement and the Company undertakes no obligation to update publicly any changes in light of new information or future events.

Shareholders and potential investors are cautioned that any such forward-looking statements are not guarantees and involve risks and uncertainties, and that actual results may differ from those in the forward-looking statements as a result of various factors such as general economic and business conditions particularly in North America and Europe, including changes in interest rates, actions by government authorities in Canada, Germany or the European Union, including changes in government regulation; political conditions in Europe and future decisions by the Company's directors or officers in response to changing conditions; the ability to execute prospective business plans; and misjudgments in the course of preparing forward-looking statements.

Material factors and assumptions underlying the Company's expectations regarding forward-looking statements include, among others: the ability of the Company to obtain financing on acceptable terms; that the Company will be able to maintain appropriate levels of liquidity in order to make investments when attractive opportunities arise; stability in the global economic environment particularly in Canada and Germany and broadly in regard to North America and the European Union, and Canadian and German interest rates; and that interest rates and foreign exchange rates, particularly in regard to the Canadian dollar and Euro, will not vary materially from current levels.

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Shareholders and potential investors are advised that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf contained in this MD&A.

This forward-looking statement dated May 29th, 2015, references CSA Staff Notice 51-330 Guidance regarding the Application of Forward-Looking Information Requirements under National Instrument 51-102 Continuous Disclosure Obligations dated November 20, 2009.

The Company will review its forward-looking statement when it files its second quarter financial results for the six months ending June 30, 2015.

Accounting Policy

Financial information for the three months ended March 31, 2015 and 2014 presented and discussed in this MD&A is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) (see Note 2, “Basis of Presentation”).

The Company prepares consolidated financial statements which, in addition to Chinook as operating parent company, incorporates all material subsidiaries in which the Company is deemed to have control or influence over (IFRS 10), which includes Mercury Partners & Company plc (“MPC”) and its subsidiary Asiamerica Limited (“AA-L”), which is accounted for using the equity method and reported on the balance sheet as \$17,434. The Company reported equity income of \$17,745 from AA-L (see Note 5, “Equity Accounted Investment”).

Overall Performance

Chinook operates as a financial service company and is registered as an investment issuer on the TSX Venture Exchange (“TSXV”) in Canada under the trading symbol, “XCX”. The Company is a reporting issuer in the following Canadian provinces: British Columbia, Alberta, Ontario and Québec.

The Company’s primary asset, in addition to cash assets, is its investment in a loan totaling approximately, \$2.6 million which represents the Company’s investment in the workout of Xanthus Holdings plc (“Xanthus”), a listed German private equity hedge fund (see, “Note 6, Investment Loan Receivable”). The aforementioned investment was made through its subsidiary company, MPC and represents approximately 75% of the Company’s total assets (see “Statements of Financial Position”).

MPC indirectly owns collateralized, interest-bearing loans secured with first collateral claims on a controlling shareholding in Xanthus and a minority shareholding in a German real estate development company, both of which are listed on the Entry Standard of the Frankfurt Stock Exchange in Germany among other assets (see Note 6, “Investment Loan Receivable”).

The status of the equity markets in Canada and Germany, in particular, the TSXV and the Frankfurt Stock Exchange, may affect the financial performance of the Company. In addition, as the Company holds cash in Canadian dollars and Euros, high annual inflation in Canada or in the European Union may affect the financial performance and condition of the Company. A portion of the Company’s assets also have an economic interest in Germany, therefore the fluctuation in the price between the Canadian dollar and Euro may affect financial performance. Generally, the economic health of the economies of Canada, Germany and the European Union may affect the financial performance of the Company. Generally, the status of the real estate property markets in Germany and in particular Dusseldorf, Germany, may affect the financial position of the Company (see Note 11, “Capital Management” and Note 12, “Financial Instruments”).

Summary of Quarterly Results

The following selected financial data as reported by the Company for the past eight business quarters have been summarized from the Company’s unaudited quarterly financial statements and are qualified in their entirety by reference to, and should be read in conjunction with, such financial statements.

	2015		2014				2013	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	(In thousands, except per share amounts)							
Revenue	\$ 1	\$ 109	\$ 35	\$ 30	\$ 29	\$ 37	\$ 9	\$ 11
Income (loss) attributable to owners	\$ (99)	\$ 665	\$ (152)	\$ (94)	\$ (10)	\$ (208)	\$ 159	\$ (137)
Income (loss) per share attributable to owners basic and diluted	\$ (0.03)	\$ 0.19	\$ (0.04)	\$ (0.03)	\$ -	\$ (0.06)	\$ 0.04	\$ (0.04)

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Liquidity and Capital Resources

The Company's principal assets as of March 31, 2015, included cash and short-term deposits of approximately \$750,097 and an investment loan receivable of \$2.6 million (see "Consolidated Statements of Financial Position" and Note 6, "Investment Loan Receivable"). The Company reported accounts receivable and prepaid expenses of \$87,624 in the reported period which predominately includes prepaid expenses for premiums for directors and officers insurance for former board members who resigned during fiscal 2012 (see Note 4, "Accounts Receivable and Prepaid Expenses").

The Company's principal source of funds available is its available cash and public financing. The Company believes it has sufficient cash to maintain its liquidity and does not anticipate any major expenditures or use of funds during 2015 (see Note 11, "Capital Management").

The Company's recurring cash requirements include public company expenses such as regulatory, shareholder communication, corporate governance expenses and some general and administration expenses (see, "Statements of Comprehensive Loss" and Note 9, "General and Administration Expenses").

The statement of cash flows shows the structure of and changes in cash for the reported period and is broken down into operating activities, investing activities and financing activities. During the reported period, the Company generated \$651,878 of cash largely due to the conversion of short-term deposits to cash. The operating loss during the reported period and an increase in the investment loan receivable of \$106,243 accounted for the use of cash. Other than the aforementioned, other uses and generation of cash flows from operating and investing activities did not materially affect cash flows during the reported period (see "Statements of Cash Flows").

Total assets and shareholder equity declined by approximately the same amount as the comprehensive loss during the reported period to \$3,455,950.

As at March 31, 2015, the Company's total debt consisted of trade and other payables of \$71,830 (see Note 7, "Trade and Other Payables").

Summary of Reported Period Results

For the three months ended March 31, 2015

The following analysis of the Company's operating results for the three months ended March 31, 2015, includes a comparison to the corresponding, comparative three months ended March 31, 2014 (see "Statements of Comprehensive Loss").

Interest income decreased to \$1,135 compared to \$25,365 for the corresponding comparative period due to reduced cash and loan receivable balances maintained during the three months ended March 31, 2015 compared to the corresponding period.

Expenses increased to \$118,353 in the reported period compared to \$70,133 for the corresponding comparative period due to higher professional fees reported in general and administration expenses. General and administration expenses, which include costs at the parent and subsidiary level totaled \$97,330 and included professional fees of \$54,182, salaries and benefits of \$17,859, rent and insurance of \$11,168 and office and supplies of \$14,121 (see Note 9, "General and Administration Expenses"). Expenses associated with operating a public company and corporate governance expenses did not change materially when compared to the corresponding comparative period.

The Company reported a loss of \$99,449 compared to income of \$9,261 for the corresponding comparative period due largely to lower expenses and higher interest income during the corresponding comparative period. Basic and diluted income or loss per common share attributable to owners was a loss of \$0.03 and \$Nil for the respective periods.

Disclosure of Outstanding Share Data

The Company has 3,405,932 shares outstanding as at May 29th, 2015. No dilutive securities were either granted or issued during fiscal 2015 (see Note 8, "Capital and Other Components of Equity").

During 2014, the Company repurchased and cancelled 66,809 common shares for \$27,393.

During 2013, the Company consolidated its shares on the basis of four pre-consolidation shares being consolidated into one and repurchased and cancelled 343,275 common shares for \$315,813.

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Transactions Between Related Parties

Based on the accounting policies and definitions followed by Chinook, the parent company has a related party relationship with its subsidiaries. In addition, management and director compensation are regarded as related party transactions. Accordingly, during the three months ended March 31, 2015, the Company entered into the following related party transactions (see Note 10, “Related Party Transactions”).

In regard to management and director compensation, the Company paid independent directors board meeting and service fees of \$7,500 (2014 - \$7,500) and paid or accrued accounting fees of \$6,500 (2014 - \$6,500) to its Chief Financial Officer’s consulting company.

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