



Management's Discussion and Analysis of Financial Condition and Results of Operations as at May 1st, 2017.

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 year ended December 31st, 2016, and should be read in conjunction with the audited 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 audited consolidated financial statements and related notes for the year ended December 31st, 2016, and except where otherwise indicated, all financial information is expressed in Canadian dollars ("C\$"). Unless otherwise indicated, reference to the "Company" or "Chinook" means Chinook Tyee Industry Limited and its subsidiaries. The financial year is the calendar year ("year-end"). 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 2016, means the period beginning January 1st, 2016 and ending on December 31st, 2016. Reference to "reported quarter" means the three calendar months commencing on October 1st of that year and ending on December 31st of that year. In addition, reference will be made to "Notes", which refers to the Notes to the Consolidated Financial Statements. References to Statements of "Financial Position", "Income or Loss" and "Cash Flows, refers to Consolidated Statements of Financial Position, Comprehensive 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.

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.

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The Company will review its forward-looking statement when it files its first quarter financial results for the three months ending March 31st, 2017.

This forward-looking statement dated May 1st, 2017, 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 20th, 2009.

Accounting Policy

Financial information for 2016 and 2015 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”)¹.

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”). MPC and its European joint investment partner equally fund and own 50% of the share capital of an investment-joint-venture, which is accounted for using the equity method of accounting² (“MPC-JV”).

The Company

Chinook is a financial service company listed on the TSX Venture Exchange (“TSXV”) with total net assets of approximately \$2.9-million and 3,405,932 common shares outstanding.

Chinook assets include cash, its 50% ownership in MPC-JV and its \$2.6-million investment loan receivable³ to MPC-JV. Chinook reports its financial results in Canadian dollars while its investments are in Euro’s⁴. Cash is generally held in US dollars or Euro (“€”).

Subsequent to year-end⁵, MPC-JV owns approximately, 1.9-million shares of Solidare Real Estate Holding plc (XETRA, Frankfurt Stock Exchange: SRH) and a majority ownership in Taiga Atlas plc, whose assets include cash, a non-performing €10-million loan to a real estate development company in Dusseldorf, Germany and approximately 1-million shares of InCity Immobilien AG (Frankfurt Stock Exchange: IC8).

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’s cash and assets are held in Euros and to a lesser extent in Canadian dollars high annual inflation in Germany, the European Union and Canada may affect the financial performance and condition of the Company. A majority of the Company’s assets have an economic interest in Germany, therefore the fluctuation between the Canadian dollar and the Euro may affect financial performance. The economic health of the economies of Germany and the European Union may also 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.

Chinook is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario, and Québec.

Selected Annual Information

The following table summarizes selected consolidated financial data for the Company. The information in this table was extracted from the more detailed consolidated financial statements, and related notes included herein and should be read in conjunction with such financial statements.

¹ See Note 2, “Basis of Presentation”.

² See Note 3, “Significant Accounting Policies” and Note 5, “Investment Loan Receivable”.

³ See Note 5, “Investment Loan Receivable”.

⁴ See Note 3, “Significant Accounting Policies”.

⁵ See Note 13, “Subsequent Event”.

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	2016	2015	2014
Revenue	\$ 22,615	\$ 2,858	\$ 202,990
Income (loss) for the year	\$ (352,781)	\$ (348,616)	\$ 389,130
Net income (loss) per share basic and diluted	\$ (0.10)	\$ (0.10)	\$ 0.12
Total assets	\$ 2,950,607	\$ 3,534,004	\$ 3,625,188

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.

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(In thousands, except per share amounts)							
Revenue	\$ 1	\$ -	\$ -	\$ 22	\$ 1	\$ -	\$ 1	\$ 1
Income (loss)	\$ (165)	\$ (63)	\$ (76)	\$ (49)	\$ (244)	\$ (59)	\$ 53	\$ (99)
Income (loss) per share, basic and diluted	\$ (0.05)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.02)	\$ 0.02	\$ (0.03)

Liquidity and Capital Resources

The Company's principal sources of capital are 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 2017.

The Company's principal assets at year-end included cash of \$272,295^{6,7} and a \$2.6 million⁸ investment loan receivable. During the year, Chinook received \$406,602 in investment loan receivable repayments and a further approximately \$300,000 subsequent to year-end⁹. Chinook's investment in MPC-JV is reported as \$nil⁸.

As at December 31st, 2016, the Company's total debt was trade and other payables of \$92,060¹⁰.

The Company's recurring cash requirements include public company expenses such as regulatory, shareholder communication and corporate governance expenses, which totaled \$61,967¹¹ during fiscal 2016 and some general and administration expenses.

The statement of cash flows shows the structure of and changes in each cash for the reported year and is broken down into operating activities, investing activities and financing activities. The Company generated a small amount of cash during the year to hold \$272,295 in cash at year-end. Operating activities used cash of \$346,036 to finance the operating loss for the year while investing activities generated \$406,602 in cash from investment loan receivable repayments. Other than the aforementioned, other uses and generations of cash flows from operating and investing activities did not materially affect cash flows during the reported period.

Total assets and shareholder equity decreased by the amount of the operating loss incurred during the year to approximately \$3.0-million.

Summary of Reported Period Results

For the year ended December 31st, 2016

The following analysis of the Company's operating results for the fiscal year ended December 31st, 2016, includes a comparison to the corresponding, comparative year ended December 31st, 2015.

⁶ See Statements of Financial Position.

⁷ See Note 11, "Financial Instruments".

⁸ See Note 5, "Investment Loan Receivable".

⁹ See Note 13, "Subsequent Event".

¹⁰ See Note 6, "Trade and Other Payables".

¹¹ See Statements of Comprehensive Loss.

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Income from interest and merchant banking were immaterial during the year. Expenses increased slightly to \$375,308 during the year due largely to higher general and administration expenses. General and administration expenses¹², which include costs at the parent and subsidiary level totaled \$313,112 and included professional fees of \$104,184, office and supplies of \$80,345, rent and insurance of \$50,162 and salaries and benefits of \$78,421.

The Company reported a loss of \$352,781 compared to a loss of \$348,616 the previous year. Gains or losses from foreign currency translation differences on foreign operations are non-cash losses.

Summary of Reported Quarter Results

For the three months ending December 31st, 2016

The following analysis of the Company's operating results for the three months ended December 31st, 2016, includes a comparison against the previously completed three months ended December 31st, 2015.

Income from interest and merchant banking was immaterial for the three months ended December 31st, 2016 and December 31st, 2015. General and administration costs totaled \$147,444, compared to \$125,915 for the corresponding comparative period. The loss attributable to owners for the reported quarter was \$164,778, compared to a loss of \$243,357 in the corresponding period. Basic and diluted loss per common share was \$0.05 compared to a loss of \$0.07, respectively for the reported quarters.

Disclosure of Outstanding Share Data

The Company has 3,405,932 shares outstanding as at year-end and the no dilutive securities were either granted or issued in the past five years.

The weighted average of outstanding shares incorporates any changes of shares outstanding at year-end. The weighted average number of common shares outstanding in 2016 and 2015 was 3,405,932.

Transactions Between Related Parties

Chinook has a related party relationship¹³ with its subsidiaries, with shareholders who hold more than 10% of the Company shares, Executive Officers and the Company's Directors.

Accordingly, during the years ended December 31st, 2016 and 2015, the Company entered into the following related party transactions:

1. During the year ended December 31, 2016, the Company paid or accrued board meeting and service fees of \$38,100 (2015 - \$43,864) to independent directors of the Company.
2. During the year ended December 31, 2016, the Company paid or accrued accounting fees of \$38,750 (2015 - \$55,015) to its Chief Financial Officer's consulting company.
3. Included in accounts payable at December 31, 2016, is \$24,148 owing to two officers of the Company for accounting fees and expenses incurred on behalf of the Company.

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¹² See Note 8, "General and Administration Expenses".

¹³ See Note 9, "Related Party Transactions".