



Management's Discussion and Analysis of Financial Condition and Results of Operations as at May 30th, 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 three months ended March 31st, 2017 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 31st, 2017 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. 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 2017, means the period beginning January 1st, 2017 and ending December 31st, 2017. 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 Condensed Consolidated Interim 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 second quarter financial results for the six months ending June 30th, 2017.

This forward-looking statement dated May 30th, 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 the three months ended March 31st, 2017 and 2016 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 (“EJIP”) 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 assets of approximately \$2.8-million³ and 3,405,932 common shares outstanding.

Chinook’s assets include cash and its 50% ownership and \$2.7-million investment loan receivable⁴ to MPC-JV. No value is attributed to the carrying value of MPC-JV. Chinook reports its financial results in Canadian dollars while its investments are in Euros⁵. Cash⁶ is generally held in US dollars or Euros (“€”).

MPC-JV owns approximately, 1.9-million shares of Solidare Real Estate Holding plc (XETRA, Frankfurt Stock Exchange: SRH) and a 55% share ownership in Taiga Atlas plc (“TA”), 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). TA is actively pursuing repayment of the real estate loan.

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 US and 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.

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.

¹ See Note 2, “Basis of Presentation”.

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

³ See “Statements of Financial Position”.

⁴ See Note 5, “Investment Loan Receivable”.

⁵ See Note 3, “Significant Accounting Policies”.

⁶ See Note 11, “Financial Instruments”.

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	2017		2016		2015			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	(In thousands, except per share amounts)							
Revenue	\$ -	\$ 1	\$ -	\$ -	\$ 22	\$ 1	\$ -	\$ 1
Income (loss)	\$ (89)	\$ (165)	\$ (63)	\$ (76)	\$ (49)	\$ (244)	\$ (59)	\$ 53
Income (loss) per share, basic and diluted	\$ (0.03)	\$ (0.05)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.02)	\$ 0.02

Liquidity and Capital Resources

The following analysis of the Company's liquidity and capital resources for the three months ended March 31st, 2017, includes a comparison to the corresponding, comparative three months ended March 31st, 2016.

The Company's principal sources of capital are its available cash and public market financing on the TSXV. The Company believes it has sufficient cash to maintain its liquidity and does not anticipate any major expenditures or use of funds during the year⁷.

The Company's tangible assets⁸ are its \$2.7-million investment loan receivable and cash of \$151,132. Subsequent to the reporting period, the Company received €250,000 in investment loan receivable repayments⁹.

As at March 31st, 2017, the Company's total debt consisted of trade and other payables of \$67,687¹⁰.

The Company's recurring cash requirements include public company expenses such as regulatory, shareholder communication and corporate governance expenses, which totaled \$29,363¹¹ during the first quarter and some general and administration expenses.

The statement of cash flows shows the structure of and changes in each cash and cash equivalent and is broken down into operating activities, investing activities and financing activities. Operating activities used cash of \$113,948 to finance the operating loss and reduce liabilities for the reported period, resulting in the Company holding cash of \$151,132 at quarter-end. 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 shareholders' equity declined, as a result of the comprehensive loss incurred during the reported period, to \$2.8-million compared to \$3.0-million in the comparative period.

Summary of Reported Period Results

For the three months ended March 31st, 2017.

The following analysis of the Company's operating results for the three months ended March 31st, 2017, includes a comparison to the corresponding, comparative three months ended March 31st, 2016.

The Company earns interest from its cash holdings and occasional fees from merchant banking as income. Income for the current reporting period was immaterial compared to income of \$22,377 for the comparative reporting period, which included merchant banking fees of \$22,050. Expenses of \$88,860 did not change materially compared to the prior reporting period. General and administration expenses¹² totaled \$59,497 and included professional fees of \$13,997, office and supplies of \$18,421, rent and insurance of \$11,168 and salaries and benefits of \$15,911. Corporate governance and public company costs increased marginally due to the Company's upcoming shareholder meeting.

The Company reported a loss of \$88,856 compared to a loss of \$49,375 for the corresponding comparative period due to higher income in the comparative period. Basic and diluted loss per common share attributable to owners was \$0.03 and \$0.01 for the respective periods.

⁷ See Note 10, "Capital Management".

⁸ See "Statements of Financial Position".

⁹ See Note 12, "Subsequent Event".

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

¹¹ See "Statements of Comprehensive Loss" and Note 9, "Related Party Transactions".

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

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Disclosure of Outstanding Share Data

The Company's weighted average and shares outstanding as at the reported period were 3,405,932 common shares and no dilutive securities were either granted or issued in the past five years.

The Company has proposed the adoption of a stock option plan at the Company's special and annual general meeting to be held on June 22, 2017.

Transactions Between Related Parties¹³

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

Accordingly, during the three months ended March 31st, 2017, the Company paid independent board meeting and service fees of \$7,625 (2016 - \$7,500) and paid or accrued professional fees of \$6,825 (2016 - \$6,625) to its Chief Financial Officer's consulting company for accounting services.

Included in accounts payable at March 31st, 2017 is \$13,993 owing to two officers of the Company for accounting fees and expenses incurred on behalf of the Company.

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¹³ See Note 9, "Related Party Transactions".