



Management's Discussion and Analysis of Financial Condition and Results of Operations as at May 30th, 2018.

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, 2018 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, 2018 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 2018, means the period beginning January 1st, 2018 and ending December 31st, 2018. 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.ca.

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, 2018.

This forward-looking statement dated May 30th, 2018, 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 2018 and 2017 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 the 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”) in Canada under the trading symbol “XCX” and has 3.4-million shares outstanding. Chinook conducts its business through its Malta based investment holding company, MPC, which is a non-quoted, reporting issuer with the Malta Stock Exchange. Chinook reports its financial results³ in \$, while MPC holds its investments generally in €s and non-committed cash in US\$ or €s.

MPC’s assets include cash, its 50% ownership and \$2.3-million investment loan receivable⁴ to MPC-JV and a minority shareholding in Taiga Atlas plc (“Taiga”) and other publicly listed investments.

The MPC-JV owns approximately, 1.7-million shares of blockescence plc (“blockescence”) and a majority shareholding in Taiga, a private investment merchant banking company based in Valletta, Malta and with a representative office in Berlin, Germany.

Taiga’s assets predominately include cash, a non-performing €10-million loan to a real estate development company in Dusseldorf, Germany, approximately 1-million shares of InCity Immobilien AG (Frankfurt Stock Exchange: IC8), a real estate development company with a portfolio of commercial and office real estate in major German cities and a minority shareholding in blockescence. Further information about InCity Immobilien AG can be found at www.incity.ag.

Taiga and other shareholders were successful in affecting the change in the board of directors and business of Solidare Real Estate Holding plc, which sold its real estate assets and purchased blockescence in May 2018.

blockescence (Frankfurt Stock Exchange: SRH) is one of the first direct investment companies to focus on implementing Distributed Ledger Technology (DLT or Blockchain) in industries like online gaming industry where cryptocurrencies like bitcoin can provide peer-to-peer payment services. blockescence recently acquired control of gamigo AG (“Gamigo”), a leading provider of free-to-play online and mobile games with over 100-million registered users. Further information can be found at www.blockescence.com

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 €s and to a lesser extent in \$ 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 \$ and the € 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

¹ See Note 2, “Basis of Presentation”.

² See Note 3, “Significant Accounting Policies” and Note 4, “Investments”.

³ See Note 3, “Significant Accounting Policies”.

⁴ See Note 5, “Investment Loan Receivable”.

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particularly Dusseldorf may affect the financial position of the Company. The status of digital currencies which have a limited history and the fair value historically has been very volatile may affect the financial performance 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.

	2018		2017				2016	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Loss	\$ (70)	\$ (141)	\$ (42)	\$ (116)	\$ (89)	\$ (165)	\$ (63)	\$ (76)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.04)	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ (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, 2018, includes a comparison to the corresponding, comparative three months ended March 31st, 2017.

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 non-committed cash during 2018.

The Company's principal assets included cash of \$128,114^{5,6}, short and long-term investments totaling \$271,970 and a \$2.3 million⁷ investment loan receivable, which increased during the reported period due to changes in foreign currency translation. Chinook's investment in MPC-JV is reported at \$nil.

As at March 31st, 2018, the Company's total debt included trade and other payables of \$57,483⁸.

The Company's recurring cash requirements include public company expenses such as regulatory, shareholder communication and corporate governance expenses totaling \$26,442⁹ and \$43,867 in 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. The Company used cash of \$44,475 during the period to hold \$128,114 in cash at quarter end. Operating activities used cash of \$48,632 for the quarter resulting from operating losses of \$70,233 offset by collection of receivables of \$38,187 and payment of liabilities of \$16,586. 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 did not change by a material amount during the first quarter when compared to year-end 2017.

Summary of Reported Period Results

For the three months ended March 31st, 2018.

The following analysis of the Company's operating results for the three months ended March 31st, 2018, includes a comparison to the corresponding, comparative three months ended March 31st, 2017.

⁵ See Statements of Financial Position.

⁶ See Note 11, "Financial Instruments".

⁷ See Note 5, "Investment Loan Receivable".

⁸ See Note 6, "Trade and Other Payables".

⁹ See Statements of Comprehensive Income (Loss).

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Income from interest was immaterial. Expenses decreased to \$70,309 from \$88,860 during the period due largely to lower general and administration expenses. General and administration expenses¹⁰, which include costs at the parent and subsidiary level totalled \$43,867 which included professional fees of \$7,393, office and supplies of \$10,178, rent and insurance of \$13,373 and salaries and benefits of \$12,923. Corporate governance and public company expenses declined by \$2,921 during the quarter when compared to the comparable prior period.

The Company reported a loss of \$70,233, or a loss of \$0.02 per share, compared to a loss of \$88,856, or a loss of \$0.03 per share, for the corresponding comparative period due largely to a decrease in general and administration expenses. Gains or losses from foreign currency translation differences on foreign operations are non-cash.

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 adopted a stock option plan, but has not granted any options to date.

Transactions Between Related Parties¹¹

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, 2018, the Company paid board meeting and service fees of \$5,125 (2017 - \$7,625) to independent directors of the Company and paid or accrued professional fees of \$3,675 (2017 - \$6,825) to its Chief Financial Officer's consulting company for accounting services.

Included in accounts payable at March 31, 2018, is \$8,180 owing to two officers of the Company for accounting fees and expenses incurred on behalf of the Company.

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¹⁰ See Note 8, "General and Administration Expenses".

¹¹ See Note 9, "Related Party Transactions".