



Management's Discussion and Analysis of Financial Condition and Results of Operations as at November 29th, 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 nine months ended September 30th, 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 the Company's business activities.

All references herein refer to the unaudited condensed consolidated financial statements and related notes for the nine months ended September 30th, 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 nine calendar months commencing on January 1st of that year and ending on September 30th 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

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.

The Company will review its forward-looking statement when it files its year-end financial results for the year ending December 31st, 2018.

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This forward-looking statement dated November 29th, 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”) and AMP Alternative Medical Products GmbH (“AMP”). 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 holding company listed on the TSX Venture Exchange (“TSXV”) in Canada with two European subsidiaries; MPC and AMP.

Chinook currently has 3,405,932 fully diluted common shares outstanding and will have 10,217,796 fully diluted common shares outstanding (three-for-one share split) upon approval of both Chinook’s shareholders at its shareholder meeting held on December 5th, 2018 and the TSXV.

AMP is focused on providing medical cannabis formulations and dose delivery systems for German patients, based in Erfurt, with offices in Berlin Germany and Vancouver, Canada. AMP plans to import medical cannabis from European Good Manufacturing Practice (“EU-GMP”) certified Canadian License Producers (“LP”) and sell to German pharmacies through AMP’s wholesaler partnerships. AMP is negotiating to enter into supply agreements with several LPs and oversee their EU-GMP certification process to ensure final certification in Germany and allowing AMP to import the LPs’ medical cannabis products. AMP offers this service to any LP that wants to enter into a supply agreement to import into Germany under their medical brands. By 2021, AMP plans to develop and produce its own medical cannabis strains in collaboration with German patients, doctors and pharmacists. and produced by Canadian LPs.

The Company invested in AMP’s Series A €75,000 equity financing during the reported period and subsequent to the reported period, AMP entered into a Series B, €500,000 drawdown loan facility.

Dr. Stefan Feuerstein and Mr. Claudio Morandi have been proposed as directors at Chinook’s annual general and special shareholders’ meeting to be held on December 5th, 2018. Dr. Feuerstein is the Managing Director of AMP and a director of Taiga Atlas plc and formerly Managing Director of IIC, an investment agency for Eastern Germany and TLW, German State of Thuringia economic development. Mr. Claudio Morandi is Chairman of Taiga Atlas plc and formerly Senior Vice President of MFC Merchant Bank Ltd., a specialty trade and structure finance bank. For further information, please visit www.amp-eu.com

MPC is a Malta public liability investment holding company whose assets include cash, a \$2.3-million investment loan receivable³ to MPC-JV, 50% ownership of MPC-JV and other publicly listed investments. The Company anticipates distributing its shareholding in MPC to the Company’s shareholders during 2019, which will be subject to shareholder and regulatory approval. For further information, please visit www.mercurypartners.eu

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 \$s 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

¹ See Note 2, “Basis of Presentation”.

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

³ See Note 5, “Investment Loan Receivable”.

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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.

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

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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	(In thousands, except per share amounts)							
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Loss	\$ (71)	\$ (61)	\$ (70)	\$ (141)	\$ (42)	\$ (116)	\$ (89)	\$ (165)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.05)

Liquidity and Capital Resources

The following analysis of the Company's liquidity and capital resources for the nine months ended September 30th, 2018, includes a comparison to the corresponding, comparative nine months ended September 30th, 2017.

The Company's principal sources of capital are its available cash and public financing. The Company believes it has sufficient capital to maintain its liquidity.

The Company's assets at the parent level include cash and accounts receivable of \$47,319^{4,5} and its European subsidiaries, AMP and MPC with its only liability being trade and other payables of \$61,255⁶.

The Company's investment in AMP is reported as AMP Investment Expenses on the Statement of Comprehensive Loss as costs incurred by the Company on behalf of AMP contribute to its investment in AMP's Series A financing.

MPC's assets include cash of \$8,730, short and long-term investments totaling \$211,575 and a \$2.2 million⁷ investment loan receivable, which decreased in value during the reported period due to changes in foreign currency translation.

The parent company's recurring cash requirements include public company expenses such as regulatory, shareholder communication and corporate governance expenses which totaled \$46,345⁸ and \$66,095 in general and administration expenses. MPC's recurring cash requirements include regulatory and administrative expenses, which are nominal. AMP's recurring cash requirements, which will increase as the company develops its business, will be funded by the Company's Series B financing.

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 \$127,805 predominately from operating losses to hold \$44,784 in cash 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 were reduced by the operating losses during the first nine months of the year.

⁴ See Statements of Financial Position.

⁵ See Note 12, "Financial Instruments".

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

⁷ See Note 5, "Investment Loan Receivable".

⁸ See Statements of Comprehensive Income (Loss).

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Summary of Reported Period Results

For the nine months ended September 30th, 2018.

The following analysis of the Company's operating results for the nine months ended September 30th, 2018, includes a comparison to the corresponding, comparative nine months ended September 30th, 2017.

Income for the current and comparative period was immaterial. Expenses decreased to \$202,686 compared to \$247,095 in the prior year period due to lower general and administrative, corporate governance and public company expenses. AMP incurred \$90,246 in costs for consultants and legal incurred in Germany and general and administrative expenses. General and administration expenses⁹ totaled \$66,095 and included professional fees of \$4,582, office and supplies of \$21,394 and rent and insurance of \$40,119.

The Company's losses decreased to \$202,454 compared to a loss of \$246,871 in the prior year period due to lower general and administrative, public company and governance costs. Basic and diluted loss per common share attributable to owners was \$0.06 and \$0.07 for the respective periods.

Due to foreign currency translation differences between US\$ and €, the Company reported a loss of \$16,221, which is reflected in the comprehensive loss for the period. Comprehensive loss also includes a revaluation loss of \$30,300 resulting from the investment in Peekaboo Beans Inc. being recognized at fair value.

Summary of Reported Period Results

For the three months ended September 30th, 2018.

The following analysis of the Company's operating results for the three months ended September 30th, 2018, includes a comparison to the corresponding, comparative three months ended September 30th, 2017.

Income in the current and comparative reporting period was immaterial. Expenses increased to \$70,876 compared to \$42,607 in the prior period as a result of the expenses incurred related to AMP. During the three months ended September 30, 2018, expenses related to AMP totaling approximately \$58,000 were reallocated from general and administration expenses to AMP Investment Expenses¹⁰

During the nine months ended September 30, 2018, the Company invested in AMP's Series A €75,000 equity financing. The Company's investment in AMP, totaling expenses of \$90,246, is reported as AMP Investment Expense.¹⁰

The Company reported a loss of \$70,800 compared to a loss of \$42,398 for the prior year period while basic and diluted loss per common share was \$0.02 and \$0.01 for the respective periods.

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.

Investor Relations

The Company retained Venture Liquidity Providers Inc. ("VLP") to initiate market-making services to provide assistance in maintaining an orderly trading market for the Company's common shares. The market-making service will be undertaken by VLP through a registered broker, W.D. Latimer Co. Ltd. ("WD Latimer"), in compliance with the applicable policies of the TSXV and other applicable laws. For its services, VLP and the Company have entered into a yearly contract for a monthly fee of \$5,000, which can be terminated at any time by either party. The Company and VLP act at arm's length and VLP has no present interest, directly

⁹ See Note 9, "General and Administration Expenses".

¹⁰ See Statement of Comprehensive Loss.

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or indirectly, in the Company or its securities. The finances and the shares required for the market making service are provided by W.D. Latimer. The fee paid by the Company to VLP is for services only.

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 nine months ended September 30th, 2018, the Company paid board meeting and service fees of \$15,375 (2017 - \$25,975) to independent directors of the Company and paid or accrued professional fees of \$18,900 (2017 - \$27,170) to its Chief Financial Officer's consulting company for accounting services.

Included in accounts payable at September 30th, 2018 is \$6,271 owing to two officers of the Company for accounting fees and expenses incurred on behalf of the Company.

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¹¹ See Note 10, "Related Party Transactions".