

Management's Discussion and Analysis of Financial Condition and Results of Operations as at April 26th, 2019.

The following is management's discussion and analysis ("MD&A") of Chinook Tyee Industry Limited's ("Chinook" or the "Company") and its subsidiaries financial condition and results of operations for the year ended December 31st, 2018, 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's business activities.

All references herein refer to the audited consolidated financial statements and related notes for the year ended December 31st, 2018, and except where otherwise indicated, all financial information is expressed in Canadian dollars ("C\$"). Unless otherwise indicated, reference to "Chinook" means Chinook Tyee Industry Limited and its subsidiaries. The financial year is the calendar year ("year-end"). Reference to a "fiscal year" means Chinook'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 on December 31st, 2018. 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, refer to Consolidated Statements of Financial Position, Comprehensive Loss and Cash Flows, respectively.

Chinook files reports and other information on the System for Electronic Document Analysis and Retrieval ("SEDAR") in Canada at www.sedar.com. Chinook's website is www.amp-eu.com and has social media accounts at Reddit, Facebook and Twitter.

Forward-Looking Statements

This document contains forward-looking statements. Chinook'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 Chinook'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 Chinook's 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 foreign exchange rates, particularly in regard to the Canadian dollar ("C\$"), Euro ("€") and the United States dollar ("US\$"), will not vary materially from current levels.

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.

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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 Chinook's or persons acting on its behalf contained in this MD&A.

Chinook will review its forward-looking statement when it files its first quarter financial results for the three months ending March 31st, 2019.

This forward-looking statement dated April 26th, 2019, 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.

Chinook prepares consolidated financial statements which, in addition to Chinook as the parent company, incorporates all material subsidiaries in which Chinook is deemed to have control or influence over (IFRS 10), which includes AMP Alternative Medical Products GmbH, Chinook Tyee (Switzerland) GmbH and 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").

Chinook Tyee Industry Limited (Chinook)

Chinook is a European based investment company that invests in the cannabis industry in Europe. Chinook holds investments in AMP Alternative Medical Products GmbH and Mercury Partners & Company plc.

Chinook is listed on the TSX Venture Exchange ("TSXV") in Canada under the trading symbol "XCX" and on the Frankfurt Stock Exchange in Germany under the trading symbol, "C4T" and is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario, and Québec.

During December 2018, Chinook entered into a Series B bridge loan for \$765,000 (€500,000) and announced a Series C private placement for \$1-million expected to close by May 2019.

AMP Alternative Medical Products GmbH ("AMP Germany")

AMP Germany, a German biopharmaceutical company based in Erfurt, Germany whose business is to provide medical cannabis formulations and dose delivery systems for German patients. AMP Germany purchases EU-GMP medical cannabis from third-party suppliers from Canada and other countries and arranges transportation, logistics and storage services for ultimate distribution through pharmaceutical distributors to pharmacists in Germany. All of AMP Germany's suppliers are audited by German auditors to ensure they meet the stringent EU-GMP standards. Meeting the EU-GMP standard is the biggest obstacle for licensed producer of cannabis (LP) trying to export to Germany. As the majority of LPs in Canada are not EU-GMP, AMP Germany assists LPs in their audit and arranges EU-GMP certification in Germany to allow importation.

Mercury Partners & Company plc ("MPC")

Non-medical cannabis investments are held through MPC, a public liability investment holding company based and operated in Valetta, Malta, whose investments include cash held in €, its 50% ownership and \$2 million investment loan receivable³ in the MPC-JV and shareholdings in publicly listed and private companies.

The MPC-JV owns a minority shareholding in blockscene plc (XETRA, Frankfurt Stock Exchange: BCK) and a majority shareholding in Taiga Atlas plc, a merchant banking company, whose assets predominately include cash and a non-performing €10-million loan to a real estate development company in Dusseldorf, Germany.

Selected Annual Information

¹ See Note 2, "Basis of Presentation".

² See Note 3, "Significant Accounting Policies" and Note 5, "Investments".

³ See Note 6, "Investment Loan Receivable".

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The following table summarizes selected consolidated financial data for Chinook. 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:

	2018	2017	2016
Revenue	\$ 409	\$ 461	\$ 22,615
Loss for the year	\$ (794,886)	\$ (387,942)	\$ (352,781)
Net loss per share basic and diluted	\$ (0.08)	\$ (0.04)	\$ (0.03)
Total assets	\$ 2,327,684	\$ 2,713,324	\$ 2,950,607

Summary of Quarterly Results

The following selected financial data for the past eight business quarters have been summarized from Chinook'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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(In thousands, except per share amounts)							
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss	\$ (593)	\$ (71)	\$ (61)	\$ (70)	\$ (141)	\$ (42)	\$ (116)	\$ (89)
Loss per share, basic and diluted	\$ (0.06)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Liquidity and Capital Resources

At year-end, Chinook had net investment assets of \$1.9-million or \$0.19 per fully diluted share consisting of cash holdings of \$53,358^{4,5} and a \$2-million⁶ investment loan receivable. While operations have been funded from investment loan receivable repayments, Chinook lowered the value of the investment loan receivable by \$229,500 due to timing and uncertainty of collection of the debt obligation. Chinook has received investment loan receivable repayments of \$198,868 during 2018 and subsequent to the reporting period.

Total liabilities increased to \$412,147 from \$74,069 a year earlier due largely to the start-up of AMP Germany which was funded through drawn-down on its bridge loan, which totaled \$259,958 at year-end. Chinook's other liabilities included trade and other payables totaling \$152,189⁷.

The statement of cash flows shows the structure of and changes in cash for the reported year and is broken down into operating activities, investing activities and financing activities. Chinook used cash of \$119,231 to hold \$53,358 in cash at year-end. Operating activities used cash of \$423,711 largely to finance the start-up of AMP Germany, while investing activities generated \$50,363 in cash from investment loan receivable repayments. Chinook's financing activities include borrowing \$240,278 from its bridge loan facility to fund AMP Germany.

Shareholder equity declined to \$1.9-million from \$2.6-million a year before due to expenditures to fund the start of AMP Germany and the impairment reserve on the investment loan receivable.

For the year ended December 31st, 2018

The following analysis of Chinook's operating results for the fiscal year ended December 31st, 2018, includes a comparison to the corresponding, comparative year ended December 31st, 2017.

Revenue income was immaterial. Going forward through its investment subsidiaries and partnerships, Chinook plans to generate revenue from the importation of medical cannabis from Canada and other countries where it is legal to import into Germany.

⁴ See Statements of Financial Position.

⁵ See Note 13, "Financial Instruments".

⁶ See Note 6, "Investment Loan Receivable".

⁷ See Note 7, "Trade and Other Payables".

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Expenses increased to \$513,249 from \$388,403 in the prior year due to higher general and administration costs, which included consulting and management fees of \$104,367 and professional fees of \$117,434 associated with the start-up of AMP Germany. During 2019, Chinook will continue to incur fees to German consultants and pharmaceutical consulting firms and legal fees in Germany. Chinook's recurring cash requirements include public company expenses such as regulatory, shareholder communication and corporate governance expenses totaling \$84,290. Chinook also reported an impairment of its investment loan receivable of \$229,500 and an unrealized loss on marketable securities of \$35,250.

The Company reported a loss of \$794,886 compared to a loss of \$387,942 the previous year due to AMP Germany start-up costs. Gains or losses from foreign currency translation differences on foreign operations are non-cash accounting adjustments.

For the three months ending December 31st, 2018

The following analysis of the Company's operating results for the three months ended December 31st, 2018, includes a comparison against the previously completed three months ended December 31st, 2017.

Income was immaterial. General and administration costs totaled \$360,480, compared to \$141,308 a year earlier. The loss for the reported quarter was \$592,432, compared to a loss of \$141,071 in the corresponding period. Basic and diluted loss per common share was \$0.06 compared to a loss of \$0.01, respectively for the reported quarters.

Disclosure of Outstanding Share Data

Chinook has 10,217,796 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 in shares outstanding at year-end. The weighted average number of common shares outstanding in 2018 and 2017 was 10,217,796.

Transactions Between Related Parties

Chinook has a related party relationship⁸ with its subsidiaries, with shareholders who hold more than 10% of the company's shares, Executive Officers and the Company's Directors. Accordingly, during the years ended December 31st, 2018 and 2017, the Company entered into the following related party transactions:

Paid or accrued board meeting and service fees of \$25,625 (2017 - \$32,125) and management and consulting fees of \$58,806 (2017 - \$Nil) to directors and paid or accrued accounting fees of \$30,450 (2017 - \$37,145) to its Chief Financial Officer's consulting company.

Included in accounts payable at December 31, 2018 is \$55,632 (2017 - \$25,258) owing to three officers of the Company for directors' fees, accounting fees and expenses incurred on behalf of the Company.

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⁸ See Note 11, "Related Party Transactions".