

**VINERGY RESOURCES LTD.**  
(the "Company")

**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2017**

The following Management's Discussion and Analysis, prepared as of October 30, 2017, should be read together with the consolidated interim financial statements for the six month period ended August 31, 2017 and the related notes attached thereto. These consolidated interim financial statements and MD&A include the results of operations and cash flows for the six month period ended August 31, 2017 and the reader must be aware that historical results are not necessarily indicative of the future performance. The reader may also wish to refer to the Company's audited financial statements and MD&A for the year ended February 28, 2017. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company's press releases and other information are also available on the SEDAR website [www.sedar.com](http://www.sedar.com).

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company's prospects, political and economic conditions, commodity prices and other factors.

### **Description of Business**

Vinergy Resources Ltd. (the "Company") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. The Company's head office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN".

On November 30, 2009, the Company entered into a Share Purchase Agreement (the "Agreement") with Zeus Energy Inc. ("Zeus") and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development. On May 2, 2017 Zeus Energy Inc. was discontinued.

On December 14, 2016 the Company announced that it had signed a letter agreement with an arm's length private British Columbia company pursuant to which the Company will acquire all of the issued and outstanding securities of 1099955 BC Ltd. doing business as MJ BioPharma ("MJ BioPharma"). Upon closing the Company will issue 5,000,000 common shares in the Capital of the Company to the shareholders of MJ BioPharma at a deemed price of \$0.20. Up to an additional 9,750,000 common shares of the Company may be issued to the shareholders of MJ BioPharma based on performance criteria.

On August 21, 2017 the Company signed an amending agreement to the May 9, 2017 definitive agreement reducing the payment shares from 9,750,000 to 4,000,000 due upon closing of the transaction at a deemed price of \$0.20 per share.

The transaction is subject to certain closing conditions, including completion of due diligence, the negotiation and signing of a definitive agreement and obtaining all necessary approvals, including the approval of the respective boards, the approval of the CSE and if applicable, shareholders of the Company. There can be no assurances that the transaction will be completed as proposed or at all.

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### Management's Discussion & Analysis

For the six month period ended August 31, 2017

#### Description of Business (continued)

These consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2017, the Company had \$794,253 of working capital, has no revenue generated from operations, and has an accumulated deficit of \$2,043,416. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

#### Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	2017	2016	2015
	\$	\$	\$
Total revenue	–	–	–
Net loss for the year	(265,614)	(99,814)	(151,361)
Basic and diluted loss per share	(0.01)	–	(0.01)
Total assets	1,921,593	44,187	70,072

#### Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	August 31, 2017	May 31, 2017	February 28, 2017	November 30, 2016
	\$	\$	\$	\$
Revenue	–	–	–	–
Net loss for the period	(86,477)	(23,170)	(195,739)	(22,598)
Basic and diluted loss per share	–	–	(0.01)	–
	August 31, 2016	May 31, 2016	February 29, 2016	November 30, 2015
	\$	\$	\$	\$
Revenue	–	–	–	–
Net loss for the period	(24,817)	(22,460)	(23,433)	(25,188)
Basic and diluted loss per share	–	–	–	–

#### Results of Operations

During the six month period ended August 31, 2017, the Company incurred a net loss of \$109,647 compared to a net loss of \$47,277 for the six month period ended August 31, 2016. The loss for the six month period ended August 31, 2017 was higher than the loss for the six month period ended August 31, 2016 mainly due to expenditures in regard to the Company's acquisition of MJ BioPharma.

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#### Liquidity and Capital Resources

As at August 31, 2017, the Company had cash of \$1,060,618 and working capital of \$794,253.

The Company is actively seeking opportunities to provide shareholder value. Although historically the Company has been involved in oil and gas exploration and production, future prospects will not necessarily be restricted or limited to this sector or business. While management is confident that it will be able to raise any funds that may be required to meet the Company's needs for the next year, there can be no assurance that these funds will be available on terms acceptable to the Company in the future.

#### Operating activities

During the six month period ended August 31, 2017, the Company's operating activities used cash of \$120,428 while during the six month period ended August 31, 2016 operating activities provided cash of \$2,228.

#### Investing activities

During the six month period ended August 31, 2017, the Company used cash of \$401,191 (2016 - \$2,900) for advances for loans receivable and property, plant and equipment expenditures.

#### Related Party Transactions

- (a) As at August 31, 2017, the amount of \$379,228 (2016 - \$357,335) is owed to the former President of the Company and companies controlled by the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at August 31, 2017, the amount of \$127,400 (2016 - \$117,800) is owed to the spouse of the former President of the Company, which is non-interest bearing, unsecured, and due on demand.
- (c) For the three month period ended August 31, 2017, the amount of \$Nil (2016 - \$14,400) was incurred to the former President of the Company for management fees.
- (d) For the three month period ended August 31, 2017, the amount of \$Nil (2016 - \$9,600) was incurred to the spouse of the former President of the Company for professional fees.

#### Financial Instruments and Risks

##### (a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at August 31, 2017 is as follows:

	Fair Value Measurements Using			Balance, August 31, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	1,060,618	–	–	1,060,618

The fair values of other financial instruments, which include amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of the convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

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#### **Financial Instruments and Risks (continued)**

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration, management considers the Company's commodity price risk to be minimal.

#### **Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, and equity component of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2017.

#### **Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the six month period ended August 31, 2017, and have not been applied in preparing these consolidated interim financial statements.

IFRS 9, *Financial Instruments* (New)

IFRS 2, *Share-based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's consolidated interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated interim financial statements.

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**Disclosure by Venture Issuer Without Significant Revenue**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the consolidated interim financial statements for the six month period ended August 31, 2017 to which this MD&A relates.

**Disclosure of Outstanding Share Data**

**Share Capital**

Authorized: Unlimited common shares without par value

As at October 30, 2017 and August 31, 2017 the Company had 36,750,330 shares issued and outstanding.

**Stock Options**

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price \$
Balance, February 28, 2017	–	–
Issued	100,000	0.60
Balance, August 31, 2017	100,000	0.60

Additional information regarding stock options outstanding as at August 31, 2017 is as follows:

Exercise price \$	Outstanding and Exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.60	100,000	1.77	0.60

**Share Purchase Warrants**

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, February 28, 2017 and February 29, 2016	–	–
Issued	5,537,700	0.40
Balance, August 31, 2017	5,537,700	0.40

As at February 28, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
5,537,700	0.40	January 9, 2018

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#### **Subsequent Events**

On October 6, 2017 the Company announced that further to its press releases of December 14, 2016, May 9, 2017 and August 21, 2017 it had entered into an amended agreement with 1099955 BC Ltd. (dba MJ BioPharma) whereby the Company will acquire all of the issued and outstanding securities of MJ BioPharma. Pursuant to the terms of the amending agreement the termination date has been extended from September 30, 2017 to November 30, 2017.

The transaction remains subject to certain closing conditions including all necessary approvals, approval of the respective boards, the approval of the CSE and if applicable, shareholders of the Company.