GUNPOWDER CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

April 30, 2018

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The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Gunpowder Capital Corp. ("Gunpowder" or the "Company") and the financial performance for the years ended December 31, 2017 and 2016. This information, prepared as of April 30, 2018, and should be read in conjunction with the audited consolidated financial statements of Gunpowder for the years ended December 31, 2017 and 2016, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A, and specifically the "Outlook" section contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only Gunpowder Capital Corp., expectations, estimates and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, Gunpowder Capital Corp., does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks related to our business".

Overview

Listed on the Canadian Securities Exchange under the trading symbol "GPC" and on the OTCQB Markets under the trading symbol "GNPWF". Gunpowder is a newly formed Merchant Bank and Advisory Services Firm. In May 2016 Gunpowder Capital Corp. (formerly Silver Shield Resources Corp.) implemented its new business model under the leadership of a new management team.

As a merchant bank and advisory services firm, Gunpowder provides financial capital and capital markets advisory services. The Company offers a variety of financing options including mezzanine debt, bridge loans, convertible debentures and straight loans as well as equity financing. Our goal when investing is to as best as possible ensure the preservation of capital and structure upside for our stakeholders through participation opportunities such as royalties, equity or options. Our main focus with advisory services is to assist companies that are interested in going public, however, we are also involved with general capital markets advisory services and advising on mergers and acquisitions.

Business Objectives and Milestones

Gunpowder's primary focus for 2017 was to continue to grow as a merchant bank. At the end of 2016, we set goals for 2017 of:

1. Continue to grow our merchant banking and advisory services business by growing revenue in the segment from $76,000 in 2016 to $575,289 in 2017.

2. Complete two go-public transactions with advisory clients.

On July 13, 2017, Advantagewon Oil Corp. (CSE: AOC), one of the Company's advisory clients, completed its go-public transaction.

3. Add two additional real estate properties.

During the year ended December 31, 2017, the Company completed the acquisition of six tenanted properties in Windsor with a total of thirty-one residential rental units.

4. Continue to examine opportunities to acquire or launch two additional businesses to add to our portfolio.

The Company launched its payment processing services which generated revenue of $334,337 during the year ended December 31, 2017.

The Company entered into the US home rehabilitation market by partnering with two other US companies. The Company invested in 3 properties during the year, realizing a gain on the sale on the first property. Another property closed subsequent to year and the third project is expected to close shortly. Also, a fourth project has begun.

Highlights for the Quarter ended December 31, 2017

Gunpowder continues to execute on its strategic and operational initiatives as highlighted during the quarter and shortly thereafter:

On October 5, 2017, the Company loaned $181,000 to a company. The loan is in good standing and generates 24% interest per annum.

On December 1, 2017, the Company entered into an agreement to provide advisory services to Bitblox Technologies Inc. ("Bitblox") and also subscribed for 400,000 token units and 500,000 tokens of Bitblox for $20,050. Each token unit is comprised of one digital token and one warrant that is exercisable into one common share of Bitblox for no additional consideration immediately prior to certain events. Each digital token may entitle the Company to receive a proportionate share of Bitblox's quarterly profit share to be determined by Bitblox's board of directors.

On October 6 and December 13, 2017, the Company completed the purchase of its fifth and sixth tenanted residential properties in Windsor, Ontario.

During the fourth quarter of 2017, the Company raised $150,000 through the issuance of "Class – A" preferred shares at a price of $10 per share.

Additional highlights for the year ended December 31, 2017

In addition to the highlights noted above for the three months ended December 31, 2017, Gunpowder attained the following initiatives during the first three quarters of fiscal 2017:

On January 16, 2017, the Company purchased a loan portfolio through issuance of 23,800 "Class – A" preferred shares. The portfolio consist of mortgages and commercial loans which are in good standing. The portfolio generates approximately 16% interest per annum.

On January 31, 2017, the Company completed the purchase of its second tenanted residential property in London, Ontario.

During the first quarter of 2017, the Company raised $1,001,400 through the issuance of "Class – A" preferred shares at a price of $10 per share. The Company also raised $335,500 through the issuance of "Class – B" preferred shares at a price of $10 per share.

On February 8, 2017, the Company entered into the ATM business through the acquisition of a 12.5% equity interest in JIT Financial Inc. ("JIT").

On April 19, 2017 and May 22, 2017, the Company loaned USD$78,000 and CDN$50,000, respectively, to two companies. The loans which are in good standing and generate 14% to 18% interest per annum.

On May 24, 2017, the Company completed the purchase of its third tenanted residential property in London, Ontario.

During the second quarter of 2017, the Company raised $300,100 through the issuance of common share units at a price of $0.10 per unit.

During the second quarter of 2017, the Company raised $404,500 through the issuance of "Class – A" preferred shares at a price of $10 per share.

On July 6, 2017, the Company paid a dividend in-kind to the Company's common shares shareholders. The dividend in-kind consisted of 1,666,667 common shares of Advantagewon Oil Corporation.

On July 4, 2017, the Company loaned USD$160,000 to a company. The loan is in good standing and generate 18% interest per annum. As part of the loan agreement, the borrower will pay the Company a 1.5% royalty on the borrower's revenues.

On July 24, 2017, as one of the Company's advisory clients completed its go-public transaction, the Company received 3,000,000 common shares of the advisory client as part of its advisory fees. These shares were valued at $420,000 on the day of receipt.

On August 4, 2017, the Company invested in two rehabilitation properties in the United States for USD$50,000 (CDN$63,022) and USD$35,000 (CDN$44,116), respectively.

In August 2017, the Company entered into an agreement to provide advisory services to Meryllion Resources Corporation ("Meryllion") and also subscribed for 2,000,000 units of Meryllion Resources Corporation for $50,000. Each unit consist of one common share of Meryllion and one half common share purchase warrant. Each whole warrant entitles the Company to acquire one common share of Meryllion for $0.05 for a period of 18 months from the closing date.

On August 16 and 31, 2017, the Company completed the purchase of its third and fourth tenanted residential properties in Windsor, Ontario.

During the third quarter of 2017, the Company raised $1,937,000 through the issuance of "Class – A" preferred *shares at a price of $10 per share.*

During the third quarter of 2017, the Company's common shares began trading on the OTCQB stock exchange under the trading symbol "GNPWF".

Outlook

The fourth quarter of 2017 was another strong quarter for Gunpowder as we continued to build our brand and grow our asset base. We have a robust sales pipeline and hope to announce other opportunities that we have been working on in the coming quarters.

Goals for 2018

1. Continue to grow our merchant banking and advisory services business to revenues of $1,000,000.
2. Complete two go-public transactions with advisory clients.
3. Increase current rental property portfolio to 50 units and increase yearly rental revenue to exceed $300,000.
4. Continue to develop the Company's blockchain business.
5. Continue to examine opportunities to acquire or launch two additional businesses to add to our portfolio.

Annual Financial Information

	Year ended December 31,		
	2017	2016	2015
Total revenues	$ 1,437,097	$ 164,916	$ -
Net loss	(337,154)	(1,394,118)	(1,525,729)
Earnings per share	(0.01)	(0.06)	(0.15)
Total assets	7,364,176	2,838,587	1,307,220
Long-term liabilities	(1,624,560)	(409,042)	-

Fiscal Year 2017

Revenue for the year ended December 31, 2017, was $1,437,097, compared to $164,916 earned in the prior year as the Company. Revenue earned in 2017 was categorized into four segments – Merchant banking, Real estate Payment processing services and Consulting and advisory, the amounts of $367,615, $159,856, $334,337 and $575,289 was earned in 2017 in each of those segments respectively as compared to $68,651, $20,265, $nil and $76,000 which was earned in 2016 in each of those segments respectively.

Quarterly results

The following table shows our results of operations for the last eight quarters:

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	$ 407,222	$ 680,501	$ 255,184	$ 94,190	$ 85,191	$ 45,336	$ 22,195	$ 12,194
Net Income (Loss)	(107,814)	128,132	(202,007)	(155,467)	(207,772)	(629,249)	(408,371)	(148,726)
Income (Loss) per share - basic and diluted	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.03)	(0.02)	(0.01)
Cash	992,755	2,124,895	1,111,222	995,953	127,619	397,664	479,052	339,659
Mineral properties	-	-	-	-	-	954,175	954,175	954,175
Buildings and improvements	2,900,815	2,193,316	1,834,842	1,548,909	770,166	464,572	464,791	-
Loans and other investment assets (long term)	1,802,968	1,891,890	1,670,349	1,172,688	907,616	417,097	338,878	283,320
Dividends paid to common share shareholders	-	216,667	-	-	-	-	-	-
Dividends paid to "Class - A" and "Class								

Results of Operations

The following table shows the results of operations for the three months ended December 31, 2017 compared to the same period last year:

	Three months ended December 31, 2017	Three months ended December 31, 2016
Rental	$ 60,727	$ 11,814
Advisory services	82,773	36,226
Payment processing services	130,315	-
Interest	133,406	37,151
Total income	407,221	85,191
Management fees	78,950	52,000
Consulting and other professional fees	98,614	(26,010)
General, office and administrative	52,834	70,698
Transfer agent and filing fees	2,930	9,710
Property taxes and maintenance	57,439	9,561
Legal and audit fees	12,916	34,108
Marketing and investor relations	22,527	30,420
Non-recoverable input tax credits	16,604	-
Mortgage and loan interest	18,207	15,178
Share-based compensation	-	74,800
Travel and accomodations	18,474	16,508
Business development	-	-
Bank service charges	2,264	1,856
Net Income (loss) before other items	25,462	(203,638)
Amortization	(18,658)	(5,650)
(Write-off)/recovery of mineral properties	-	-
Impairment of loan receivable	(357,945)	-
Realized gain on investments	59,216	-
Unrealized gain (loss) on investments	184,713	(5,320)
Accretion on financial instruments	8,154	4,765
Foreign exchange (loss) gain	(8,755)	2,071
Total other items	(133,276)	(4,134)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (107,814)	$ (207,772)

Operating expenses before other items for the three months December 31, 2017 were $381,758 compared to $1288,829 for the same period in 2016. With the Company's additional revenue stream of payment processing services and the expansion of the real estate segment, consulting and professional fees of $98,614 (2016 – recovery of $26,010) were incurred to facilitate services and manage additional properties. Property taxes and maintenance costs increased from $9,561 the three months ended December 31, 2016 to $57,439 in the three months ended December 31, 2017 due to the acquisition of seven properties in 2017.

An impairment of loan receivable of $357,945 was recorded in the three months ended December 31, 2017 (2016 - $nil). Due to circumstances beyond a borrower's control, there was uncertainty in the determination the timing of repayments of the loan. However, management believes that the loan is recoverable as the borrower gets back on track and add new clients to their business.

The Company realized a gain on investments of $59,216 and an unrealized gain on investments of $184,713 in the three months ended December 31, 2017 compared to $nil and unrealized loss on investments of $5,320, respectively, from the same period in 2016.

The following table shows the results of operations for the year ended December 31, 2017 compared to the same period last year:

	Year ended December 31,	
	2017	2016
Rental	$ 159,856	$ 20,265
Advisory services	575,289	76,000
Payment processing services	334,337	-
Interest	367,615	68,651
Total income	1,437,097	164,916
Management fees	369,000	223,000
Consulting and other professional fees	306,566	155,110
General, office and administrative	217,682	144,877
Transfer agent and filing fees	102,953	62,485
Property taxes and maintenance	128,428	11,616
Legal and audit fees	74,569	52,742
Marketing and investor relations	62,513	99,603
Non-recoverable input tax credits	52,438	-
Mortgage and loan interest	52,086	17,367
Share-based compensation	31,000	196,600
Travel and accomodations	45,131	64,657
Business development	7,997	-
Bank service charges	7,452	3,290
Net Income (loss) before other items	(20,718)	(866,431)
Amortization	(55,578)	(13,234)
(Write-off)/recovery of mineral properties	-	(510,442)
Impairement of loan receivable	(357,945) -	
Realized gain on investments	125,882	-
Unrealized loss on investments	(24,140)	(5,320)
Accretion on financial instruments	42,230	4,765
Foreign exchange (loss) gain	(46,885)	(3,456)
Total other items	(316,436)	(527,687)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (337,154)	$ (1,394,118)

Operating expenses before other items for year ended December 31, 2017 were $1,457,815 compared to $1,031,347 in 2016. Of that total, $31,000 (2016 - $196,600) was a non-cash charge for stock options granted during the year. With the Company's additional revenue stream of payment processing services and the expansion of the real estate segment, consulting and professional fees of $306,566 (2016 – $155,110) were incurred to facilitate services and manage additional properties. Property taxes and maintenance costs increased from $11,616 in the year ended December 31, 2016 to $128,428 in the year ended December 31, 2017 due to the acquisition of seven properties in 2017.

For the year ended December 31, 2017

The following table shows revenues from the year ended December 31, 2017 compared to the same period in the prior year:

	2017	2016	Increase/ (decrease) in $	Increase/ (decrease) in %
Rental	$ 159,856	$ 20,265	$ 139,591	689%
Advisory services	575,289	76,000	499,289	657%
Payment processing services	334,337	-	334,337	100%
Interest	367,615	68,651	298,964	435%
Total revenues	$ 1,437,097	$ 164,916	$ 1,272,181	771%

The Company acquired its first rental property in Q2 of 2016 and has since acquired its eighth rental property by December 31, 2017, rental income had increased significantly in 2017 compared to the same period of the prior year.

A significant portion of the advisory services revenue earned in 2017 was related to 3,000,000 shares of Advantagewon Oil Corporation ("AOC") issued to the Company by AOC in relation to the completion of AOC's go-public transaction. These shares had a fair market value of $420,000 on the day of acquisition.

Payment processing services were provided by the Company beginning in Q1 of 2017 and therefore $nil of the same category of revenue was earned during 2016.

The interest earned in 2017 had increased substantially ($298,964) compared to the prior year since the Company had substantially increased its portfolio in notes and loans receivable from $1,001,201 at December 31, 2016 to $2,425,439 at December 31, 2017. These loans are all in good standing and bear interest rates ranging from 12% to 24%.

The following table shows operating costs for the year ended December 31, 2017 compared the prior year:

	2017	2016	Increase/ (decrease) in $	Increase/ (decrease) in %
Management fees	$ 369,000	$ 223,000	$ 146,000	65%
Consulting and other professional fees	306,566	155,110	151,456	98%
General, office and administrative	217,682	144,877	72,805	50%
Transfer agent and filing fees	102,953	62,485	40,468	65%
Property taxes and maintenance	128,428	11,616	116,812	1006%
Legal and audit fees	74,569	52,742	21,827	41%
Marketing and investor relations	62,513	99,603	(37,090)	-37%
Non-recoverable input tax credits	52,438	-	52,438	100%
Mortgage and loan interest	52,086	17,367	34,719	200%
Share-based compensation	31,000	196,600	(165,600)	-84%
Travel and accomodations	45,131	64,657	(19,526)	-30%
Business development	7,997	-	7,997	100%
Bank service charges	7,452	3,290	4,162	127%
Total operating costs	$ 1,457,815	$ 1,031,347	$ 426,468	41%

Operating expenses before other items for the year was $1,457,815 compared to $1,031,347 in the prior year.

A total of $128,428 in property taxes and maintenance and $52,086 of mortgage and loan interest were incurred in the year ended December 31, 2017 as compared to $11,616 and $17,367 in 2016 as the Company acquired eight additional rental properties since 2016 and the associated expenses have increased accordingly.

Management fees of $369,000 were incurred in the year ended December 31, 2017 compared to $223,000 in 2016 due to directors fees and an increase in fees to the management of the Company approved by the Board of Directors of the Company in 2017. Stock-based compensation decreased from $196,600 in the year ended December 31, 2016 to $31,000 during the year ended December 31, 2017 as fewer stock options were granted to the management, consultant and employees of the Company in 2017.

Consulting fees of $306,566 were incurred in the year ended December 31, 2017 compared to $155,110 during the prior year. The Company hired accounting and administrative staff in Q4 2016 and Q1 2017 to meet the demands of the growing operations of the Company. The Company also incurred consulting fees related to its payment processing services beginning in Q2 2017. In relation to the growing operations of the Company in 2017, the Company incurred $217,682 of General, office and administrative expenses as compared to $144,877 in the prior year.

Transfer agent and filing fees increased to $102,953 for the year ended December 31, 2017 from $62,485 in the prior year. A significant portion of this increase is due to the efforts by the Company to be listed in the United States. The Company has incurred approximately $31,000 of costs in 2017 in relation to these efforts.

The Company has changed its method of recording HST input tax credits during Q2 2017 in that only HST input tax credits which are deemed refundable is recorded as HST receivables. When it is reasonably estimable that a portion of the input tax credits is not eligible for refund, the amount is recorded as an expense. During the year ended December 31, 2017, the Company recorded an expense of non-recoverable input tax credits of $52,438 compared to $nil in the prior year as this method was only adopted during Q2 2017.

Liquidity and Capital Resources

The following table summarizes cash flows from the year ended December 31, 2017 compared to the prior year:

	Year ended December 31,	
	2017	2016
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 81,407	$ (593,287)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	3,542,847	1,326,713
CASH FLOWS (USED IN) INVESTING ACTIVITIES	(2,759,118)	(777,768)
	865,136	(44,342)
Cash, opening balance	127,619	171,961
Cash, end of year	$ 992,755	$ 127,619

In addition to the operating activities discussed above, the Company generated $3,542,847 from financing activities (see the audited consolidated financial statements for details of these transactions) and invested $2,759,118 by acquiring seven residential properties and loaning out additional funds to support client growth.

As at December 31, 2017, Company had total current assets of $2,540,487 to meet its current liabilities of $838,960.

To successfully pursue its merchant banking model, the Company plans to continue to raise debt and equity in order to pursue additional deals and build scale.

The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer dilution. If adequate financing is not available, the Company may be required to sell its interests in some or all of its assets / holdings or current properties and / or reduce or terminate its operations.

Additional disclosures

Critical Accounting Estimates

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as at the date of the financial statements. Each of these required estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. The Company's significant accounting policies are discussed in Note 3 of the notes to consolidated financial statements. Critical estimates inherent in these accounting policies are discussed in the following paragraphs.

Changes in Accounting Policies and Future Pronouncements

Revenue recognition

During the year ended December 31, 2017, the Company began providing payment processing services. Revenue earned from payment processing is recorded when earned.

Impairment of financial assets

Where the Company holds an investment in a privately-held entity for which there is no active market and for which there is no reliable estimate of fair value, the investment is carried at cost less any provision for impairment.

Changes in accounting policies

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions.

IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined.

IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

Financial Instruments

Financial assets and financial liabilities as at December 31, 2017:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit and loss	Total
December 31, 2017			
Cash	$ 992,755	$ -	$ 992,755
Accounts and other receivables	89,182	-	89,182
Notes receivable	1,347,907	-	1,347,907
Loans receivable	1,077,532	-	1,077,532
Investments	-	474,769	474,769
Accounts payable and accrued liabilities	(381,061)	-	(381,061)
Loans payable	(160,464)	-	(160,464)
Mortgages payable	(1,916,621)	-	(1,916,621)

The Company's has loans receivable outstanding and a significant portion of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including market, liquidity, credit and currency risks. As a result of the change in business, there are new risks, objectives, policies and procedures compared to the previous year as discussed below. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. In addition, a significant portion of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer, with exception to the Company having one position as at December 31, 2017 which made up of approximately 31% (December 31, 2016 – 51%) of the total equity portfolio.

For the year ended December 31, 2017, a 10% decrease in the closing price of this concentrated position would result in an estimated increase in net loss of $14,000 (December 31, 2016 - $15,000).

For the year ended December 31, 2017, a 10% decrease (increase) in the closing prices of its other portfolio investments would result in an estimated increase (decrease) in net loss of $33,400 (December 31, 2015 - $14,500).

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. As at December 31, 2017 the Company's current liabilities totaled $838,960 and cash totaled $992,755. The Company generates cash flow from advisory fees, loan interest, rental income and payment processing services.

The Company manages liquidity risk by reviewing the amount of cash available, to ensure that it can meet its current obligations. There is no guarantee that the Company will be able to continue to meet its current obligations.

	Carrying amount	Contractual cash flows	Year 1	Year 2-3	Year 4-5	Greater than 5 years
Accounts payable and accrued liabilities	$ 381,061	$ 381,061	$ 381,061	$ -	$ -	$ -
Mortgages payable	1,916,621	2,942,060	131,103	262,206	262,206	2,286,546
Loans payable	160,464	184,126	68,643	79,824	16,800	18,858
Total	$ 2,458,146	$ 3,507,248	$ 580,807	$ 342,030	$ 279,006	$ 2,305,404

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations,and arises principally from the Company's accounts and other receivables and notes receivable.

The Company monitors the credit risk and credit standing of its customers on a regular basis. At December 31, 2016, the Company's share subscription receivables consist of receivables from a small number of the Company's "Class – A" preferred share subscribers. Three subscribers make up 46%, 29% and 10% respectively of the amount owing. The full amount of share subscription receivables was received during the year ended December 31, 2017.

Security was obtained against specific assets of the counterparty, in case of non-performance on the notes receivable. The total carrying value of these financial instruments at December 31, 2017 was $1,347,907 (December 31, 2016 - $1,001,201). Three lendees make up 21%, 19% and 15% of the Company's notes receivable balance, respectively, at December 31, 2017 (December 31, 2016 – two lendees make up 47% and 15%). Management considered the potential impairment of loans and receivables and concluded that an impairment of $357,945 was recorded on one of the loans due to the uncertainty of collectability for the year ended December 31, 2017 (December 31, 2016 - $nil).

The Company's consulting fee revenues are primarily derived from a small number of customers within Canada. The Company had one customer who represented 76% of consulting fees revenues in 2017 (2016 consulting fees revenue – four customers who represented 39%, 18%, 16% and 16% of consulting fees revenue). There can be no assurance that all or any of the Company's customers will continue to engage in the Company's services. The loss of any such customer may have a materially negative impact on the Company's business conditions and financial results.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of its loans receivable and investments are in United States dollars. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Contractual Obligations and Commitments

The Company is party to certain management contracts. These contracts contain aggregate minimum commitments of approximately $315,000 (December 31, 2016 - $300,000) ranging from 12 to 18 months and additional contingent payments of up to approximately $240,000 (December 31, 2016 - $240,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company has discontinued mining operations in various jurisdictions and has written down the carrying value of the related assets to nominal amounts. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor or indemnifier, is not determinable, nor expected to be material, and no amount has been provided for in these condensed interim consolidated financial statements.

The Company may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

The Company leases its office under a lease agreement which commenced October 1, 2016, the following is a summary of its lease commitments for the term of the lease:

< 1 year from reporting date	$	43,834
1 to 2 years from reporting date		45,136
2 to 3 years from reporting date		45,136
3 to 4 years from reporting date		33,852
	$	167,958

Fair value of financial instruments

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these instruments.
ii. Notes receivable, long-term notes receivable and long-term investments are carried at amounts in accordance with the Company's accounting policies as set out in Note 3 of the audited consolidated financial statements.
iii. Mortgages payable approximate their fair values due to the short time since they were received.
iv. Prior to maturity, the outstanding notes receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the consolidated statements of financial position as at December 31, 2017 and 2016:

Investments, fair value	Level 1 (Quoted market price)	Level 2 (Valuation technique - observable market inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
Publicly traded investments	$ 393,713	$ 31,055	$ -	$ 424,768
Private investments	-	-	50,000	50,000
December 31, 2017	$ 393,713	$ 31,055	$ 50,000	$ 474,768
Publicly traded investments	$ 95,876	$ -	$ -	$ 95,876
Private investments	-	-	200,000	200,000
December 31, 2016	$ 95,876	$ -	$ 200,000	$ 295,876

Outstanding share data

As at December 31, 2017, the Company had 30,910,256 common shares issued and outstanding, 532,830 preferred "Class – A" shares issued and outstanding and 33,550 preferred "Class – B" shares issued and outstanding. In addition, the Company has 6,561,137 common share purchase warrants outstanding priced at between $0.15 and $0.25 and 2,250,000 stock options entitling the holder to acquire an additional common share by paying $0.10 to $0.12 per common share.

As at April 30, 2018, the Company had 31,510,256 common shares issued and outstanding, 532,830 "Class- A" preferred shares issued and outstanding and 33,550 "Class – B" preferred shares issued and outstanding. In addition, the Company has 16,561,137 common share purchase warrants outstanding priced at between $0.12 and $0.25 and 2,250,000 stock options entitling the holder to acquire an additional common share by paying $0.10 to $0.12 per common share.

Transactions with Related Parties

JIT Financial Inc.

During the year ended December 31, 2017, the Company loaned $31,538 to JIT, in which the Company acquired a 12.5% ownership stake. As result of this stake, the Company appointed one of its officers to the Board of Directors of JIT. JIT is in the cash clearing business. The loan bears interest at a rate of 10% per annum and the Company charges a royalty of $0.05 per transaction on certain transactions processed by JIT. The loan is repayable on a basis of $0.25 per transaction on certain transactions processed by JIT. The loan is secured by a first charge and security interest in all of the present and after-acquired personal property and assets of the borrower pursuant to a general security agreement.

During the year ended December 31, 2017, the Company loaned $1,000,000 to JIT, through a promissory note and a number of amendments of the promissory note. The loan bears interest at a rate of $0.30 per transaction on certain transactions processed by JIT. The loan is secured by a first charge and security interest in all of the present and after-acquired personal property and assets of the borrower pursuant to a general security agreement.

Other related parties

During the years ended December 31, 2017 and 2016, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchase of goods and services	
	Year ended December 31,	
	2017	**2016**
Black Birch Capital Inc.	**$ -**	$ 36,000
Cline Mining Corp.	**-**	5,480

	Revenue earned from services	
	Years ended December 31,	
	2017	**2016**
Advantagewon Oil Corporation	**$ 420,000**	$ 30,000
Meryllion Resources Corporation	**10,000**	-
Bitblox Technologies Inc.	**2,500**	-

The Company has a common officer with Cline Mining Corp., Black Birch Capital Inc. and Advantagewon Oil Corporation and has two common officers with Meryllion Resources Corporation and Bitblox Technologies Inc. Included in accounts receivable are $2,825 owing from Meryllion and $325 owing from Bitblox as at December 31, 2017 (2016 - $nil).

Compensation of key management personnel of the Company
The remuneration of directors and other members of key management personnel during the period was as follows:

	Year ended December 31,	
	2017	**2016**
Short-term benefits	**$ 227,000**	$ 144,000
Share-based payments	**15,500**	64,792

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

As at December 31, 2017, the Company owed $5,374 (December 31, 2016 - $5,374) to an officer of the Company and $6,000 (December 31, 2016 - $nil) to directors of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Proposed Transactions

The Company is not party to any proposed transactions that have not been disclosed elsewhere in this MD&A.

Risks Related to Our Business

We have limited operating history.

We have limited operating history, our financial position is not robust, and we lack profitable operations to date. The Company has incurred net losses since inception and may continue to incur net losses while it builds its business and as such it may not achieve or maintain profitability. On May 18, 2016, the Company changed its business to "Merchant Banking" from "Mining and Exploration". The timeframe that the Company has been in the Merchant Banking space is very short compared to its competitors. The Company's limited operating history in Merchant Banking also makes it difficult to evaluate the Company's business and prospects, and there is no assurance that the business of the Company will grow or that it will become profitable.

Because of our limited operating history in Merchant Banking it is difficult to extrapolate any meaningful projections about the Company's future. We do not have significant assets with which to press our plans forward. Our competitors are significantly better funded than we are. This could prove detrimental in that we may not have the funds to attract potential clientele. There is no assurance that our revenues will continue to grow.

We have historically incurred significant losses and our financial situation creates doubt whether we will continue as a going concern.

During the year ended December 31, 2017, the Company realized a net loss of $337,154 compared with a net loss of $1,394,118 for the year ended December 31, 2016. As of December 31, 2017, the Company had a working capital of $1,701,527 and shareholders' equity of $4,900,656. There are no assurances that we will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain additional financing through private placements, public offerings and/or bank financing necessary to support our working capital requirements. To the extent that funds generated from any private placements, public offerings and/or bank financing are insufficient, we will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on acceptable terms. The Company may periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. If adequate working capital is not available we may be forced to discontinue operations, which would cause investors to lose their entire investment.

We are an early stage company.

The Company is an early stage company. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the Company requires significant additional expenditures before any cash flow may be generated. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

Our future growth may be limited

The Company's ability to achieve its expansion objectives and to manage its growth effectively depends upon a variety of factors, including the Company's ability to develop its brand awareness to attract clientele, to attract and retain skilled employees, to successfully position and market its products & services, to capitalize on the potential opportunities it is pursuing and potential opportunities it could pursue with third parties, and to find sufficient funding.

We engage in cross border lending transactions in the U.S.A which presents tax risks among other obstacles

Cross-border lending transactions carry a risk of changes in tax and/or duties related to the import and export of our services, which can result in pricing changes, which will affect revenues and earnings. Cross-border lending transactions carry other risks including, but not limited to, changing regulations, wait times and changes in foreign exchange rates.

We rely on key personnel.

The Company's success will also depend in large part on the continued service of its key operational and management personnel, including executive staff, research and development, engineering, marketing and sales staff. Most specifically, this includes its CEO, CFO and Business Development Team. The Company faces intense competition for these professionals from its competitors, customers and other companies throughout the industry. Any failure on the Company's part to hire, train and retain a sufficient number of qualified professionals could impair the business of the Company.

We may not be successful in our potential business combinations

The Company may, in the future, pursue acquisitions of other complementary businesses to increase its revenues. The Company may also pursue strategic alliances and joint ventures that leverage its core services and industry experience to expand its services offerings and geographic presence. The Company has limited experience with respect to acquiring other companies and limited experience with respect to forming collaborations, strategic alliances and joint ventures. If the Company were to make any acquisitions, it may not be able to integrate these acquisitions successfully into its existing business and could assume unknown or contingent liabilities. Any future acquisitions the Company makes, could also result in large and immediate write-offs or the incurrence of debt and contingent liabilities, any of which could harm the Company's operating results. Integrating an acquired company also may require management resources that otherwise would be available for ongoing development of the Company's existing business.

We will need financing in order to grow our business.

From time to time, in order to expand operations the Company will need to incur additional capital expenditures. These capital expenditures are intended to be funded from third party sources, including the incurring of debt and/or the sale of additional equity securities. In addition to requiring additional financing to fund capital expenditures, the Company may require additional financing to fund working capital, sales and marketing, general and administrative expenditures and operating losses. The incurrence of debt creates additional financial leverage and therefore an increase in the financial risk of the Company's operations. The sale of additional equity securities will be dilutive to the interests of current equity holders. In addition, there can be no assurance that such additional financing, whether debt or equity, will be available to the Company or that it will be available on acceptable commercial terms. Any inability to secure such additional financing on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Global economic conditions may adversely affect our industry, business and results of operations.

Our overall performance depends, in part, on worldwide economic conditions which historically is cyclical in character. The United States and Canada have largely worked its way out of an economic recession while other key international economies continue to be impacted by a recession, characterized by falling demand for a variety of goods and services, restricted credit, going concern threats to financial institutions, major multinational companies and medium and small businesses, poor liquidity, declining asset values, reduced corporate profitability, extreme volatility in credit, equity and foreign exchange markets and bankruptcies. By way of example, the borrowers that the Company lends funds to, may or may not be as affected by economic slow-down or recession as other industries or market segments. Currently, these conditions can be expected to change. In markets where sales occur and go into recession, these conditions affect the rate of spending and could adversely affect the Companies we invest in, customers' ability or willingness to purchase our products, and delay prospective customers' purchasing decisions, all of which could adversely affect our operating results. In addition, in a weakened economy, companies that have competing products may reduce prices which could also reduce our average selling prices and could harm our operating results.

Risks Related to Our Shareholders and Purchasing common and preferred shares.

Our shares may continue to be subject to illiquidity because our common shares and "Class – A" preferred shares may continue to be thinly traded.

There are also continuing eligibility requirements for companies listed on public trading markets. If we are unable to satisfy the continuing eligibility requirements of any such market, then our common shares and "Class – A" preferred shares may be delisted. This could result in a lower trading price for both our "Class – A" preferred shares and common shares and may limit your ability to sell them, any of which could result in you losing some or all of your investments.

Our "Class – B" preferred shares are currently not listed on any stock exchange and therefore have very limited market. It is possible that our "Class – B" preferred shares may never qualify for listing onto a stock exchange.

We have never paid dividends on our common shares.

We have never paid cash dividends on our common shares and do not presently intend to pay any cash dividends on our common shares in the foreseeable future. Investors should not look to dividends as a source of income.

In the interest of reinvesting initial profits back into our business, we do not intend to pay cash dividends in the foreseeable future on our common shares. Consequently, any economic return will initially be derived, if at all, from appreciation in the fair market value of our common shares, and not as a result of dividend payments.

We have the right to accrue the dividends on our "Class – A" & "Class – B" preferred shares and do not have to make payments.

We expect to issue more shares in an equity financing, which may result in substantial dilution.

Our articles of incorporation authorize the Company to issue an unlimited amount of Common Shares and up to 10% of our common share total as preferred shares. Any equity financing effected by the Company may result in the issuance of additional securities without stockholder approval and may result in substantial dilution in the percentage of both our common shares or our preferred Shares held by our then existing stockholders. Moreover, preferred shares and common shares issued in any equity financing transaction may be valued on an arbitrary or non-arm's length basis by our management, resulting in an additional reduction in the percentage of common shares and preferred shares held by our then existing stockholders. Our board of directors has the power to issue any or all of such authorized but unissued shares without stockholder approval. To the extent that additional common shares or preferred shares are issued in connection with a business combination or otherwise, dilution to the interests of our stockholders will occur and the rights of the holders of common shares might be materially adversely affected.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.