EXITO ENERGY II INC.

(“Exito” or the “Corporation”)

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTH PERIODS
ENDED SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

This Management Discussion & Analysis (“MD&A”) is a review of the financial results and condition of the Corporation for the three and nine month periods ended September 30, 2014 and September 30, 2013, and should be read in conjunction with the unaudited interim financial statements for the same periods and the Corporation’s audited financial statements for the year ended December 31, 2013, including the notes to the financial statements, and the Corporation’s Prospectus dated March 28, 2013. This MD&A addresses events up to and including November 27, 2014.

The Corporation prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. All dollar figures included therein and in this MD&A are quoted in Canadian dollars.

Additional information regarding the Corporation is available on SEDAR at www.sedar.com.

This MD&A contains forward-looking information that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation’s control. Such assumptions, risks and uncertainties include, without limitation, those associated with, decreased value of the general stock market, stock market volatility, decreased market valuations of companies with respect to announced transactions and the final valuation thereof, volatility of commodity prices, delays resulting from an inability to obtain regulatory approvals, an inability to access sufficient capital from internal and external sources, the effect of economic conditions in North America, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, an inability to secure a suitable asset or business to qualify the Corporation for listing on the TSX Venture Exchange or the Toronto Stock Exchange beyond its listing as a Capital Pool Company. The Corporation’s actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, of if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A. Although the Corporation has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes. The Corporation undertakes to publically disclose all material changes to its forward-looking statements as soon as such changes are known.

Description of Business and Overall Performance

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on November 11, 2010 as Capitalize Acquisition I Corp. On March 26, 2012, the Corporation’s name was changed to Exito Energy II Inc.

Exito is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of the TSX Venture Exchange (“TSXV”) Corporate Finance Manual. The Corporation proposes to identify and evaluate corporations, businesses and assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation in such corporations, businesses or assets that qualifies it for listing on the TSXV beyond its CPC listing (a "Qualifying Transaction").

On January 16, 2013, the Corporation completed a private placement of 5,000,000 common shares at a price of $0.05 per share (the "Seed Shares") for gross proceeds of $250,000.

On March 28, 2013, the Corporation received a final receipt for a Capital Pool Company Prospectus (the "Prospectus") filed with the Alberta Securities Commission and the British Columbia Securities Commission to complete its initial public offering ("IPO") through the issuance of 5,000,000 common shares at a price of $0.10 per share (the "IPO Shares"). Upon issuance of the final receipt the Corporation became a "reporting issuer" pursuant to applicable securities legislation in the provinces of Alberta and British Columbia. The Prospectus can be viewed under the Corporation's profile on SEDAR at www.sedar.com.

On May 7, 2013, the Corporation completed its IPO and issued the IPO Shares. Pursuant to an Agency Agreement between the Corporation and Macquarie Private Wealth Inc. (the "Agent"), the Corporation paid the Agent a commission of 10% of the gross proceeds of the IPO and a corporate finance administration fee of $12,500 (plus GST). The Agent was also granted a non-transferable Agent's Option to purchase 500,000 common shares at a price of $0.10 per common share for a period of 24 months from the date that the IPO closed. The Corporation also paid for the Agent's legal fees incurred with respect to the IPO, which amount totalled $12,894 (including disbursements and GST). The Agency Agreement can be viewed under the Corporation's profile on SEDAR at www.sedar.com.

On May 8, 2013, the common shares of the Corporation commenced trading on the TSXV under the symbol EXI.P.

Net proceeds to the Corporation from issuance of the Seed Shares and the IPO Shares, after payment of all associated costs and fees, was approximately $630,000.

In addition, upon closing of the IPO, pursuant to escrow agreements entered between the Corporation, Valiant Trust Company (the "Transfer Agent") and certain shareholders of the Corporation, 5,000,000 common shares of Exito were placed in escrow and will remain in escrow until the Corporation completes a Qualifying Transaction.

On May 13, 2013, the directors and officers of the Corporation were granted options that entitle them to purchase 1,000,000 common shares of Exito at a price of $0.10 per common share for a period of 5 years from the date that the IPO closed.

As at the date of this MD&A, the Corporation had no active business operations and its only significant asset was cash.

Selected Financial Information

The following is a summary of financial information for the three and nine months ended September 30, 2014 and September 30, 2013:

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013
Total assets	$ 592,591	$ 620,667
Total long term liabilities	-	-
Shareholders' equity	588,488	618,666
Net loss	3,822	7,842
Total revenue – interest income	1,724	637
General and administrative costs:		
Professional fees	1,253	2,606
Office rent and supplies	4,286	5,583
Other	7	290
Share-based compensation	-	-

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Total assets	$ 592,591	$ 620,667
Total long term liabilities	-	-
Shareholders' equity	588,488	618,666
Net loss	20,045	100,955
Total revenue	5,429	637
General and administrative costs:		
Professional fees	5,708	15,648
Office rent and supplies	14,536	10,083
Filing fee	5,200	-
Other	30	1,101
Share-based compensation	-	74,760

The following is a summary of financial information for each of the Corporation's last eight quarters:

	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014	Three Months Ended December 31, 2013
Total assets	$ 592,591	$ 597,310	$ 615,755	$ 618,140
Total long term liabilities	-	-	-	-
Shareholders' equity	588,488	592,310	600,045	608,553
Net loss (income)	3,822	7,735	8,488	(2,515)
Total revenue – interest income	1,724	1,701	2,004	2,328
General and administrative costs:				
Professional fees	1,253	3,455	1,000	(4,051)
Office rent and supplies	4,286	5,965	4,285	3,857
Filing fee	-	-	5,200	-
Other	7	16	7	7
Share-based compensation	-	-	-	-

	Three Months Ended September 30, 2013	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013	Two Months Ended December 31 2012(1)
Total assets	$ 620,667	$ 627,509	$ 257,975	$ -
Total long term liabilities	-	-	-	-
Shareholders' equity	618,666	626,508	249,999	-
Net loss	7,842	93,113	-	-
Total revenue – interest income	637	-	-	-
General and administrative costs:				
Professional fees	2,606	13,042	-	-
Office rent and supplies	5,583	4,500	-	-
Filing Fee	-	-	-	-
Other	290	811	-	-
Share-based compensation	-	74,760	-	-

(1) During 2012, the Corporation's year-end was changed from October 31st to December 31st therefore the comparative figures are for the two months ended December 31, 2012.

Summary of Quarterly Results & Results of Operations

As at September 30, 2014, the Corporation did not have any active operations and therefore, no revenues from operations since inception except interest income. During the three months and nine months ended September 30, 2014 interest income totalling $1,724 and $5,429 was received ($637 during both the three and nine months ended

September 30, 2013). Cash from financing activities during the three and nine months ended September 30, 2014 was $nil ($nil and $644,861 during the three and nine months ended September 30, 2013 as the Corporation issued the Seed Shares and the IPO Shares). The activity during the three and nine months ended September 30, 2014 related to identifying and reviewing potential Qualifying Transactions.

The total comprehensive loss for the three and nine months ended September 30, 2014 was $3,822 and $20,045, or $0.00 per share, as compared to $7,842 and $100,955 total comprehensive loss for the three and nine months ended September 30, 2013, or $0.00 and $0.01 per share. The loss in 2014 was a result of general and administrative expenses of $5,546 and $25,474 during the three and nine months ended September 30, 2014. The decreased size of the loss in 2014 was largely the result of there not being a share-based compensation charge during the period as there was in 2013 and lower professional fees during the three and nine months ended September 30, 2014.

Expenses

During the three and nine months ended September 30, 2014, the following costs were incurred by the Corporation:

- Professional fees during the three and nine months ended September 30, 2014 of $1,253 and $5,708, including audit/accounting and legal fees paid to firms with non-arm's length parties to the Corporation; see *"Transaction with Related Parties"* below (three and nine months ended September 30, 2013 - $2,606 and $15,648, primarily relating to fees associated with the IPO);

- Office rent and supplies expense during the three and nine months ended September 30, 2014 of $4,286 and $14,536, including certain fees paid to a company owned by non-arm's length parties to the Corporation; see *"Transaction with Related Parties"* below (three and nine months ended September 30, 2013 - $5,583 and $10,083). The increase during the nine months ended September 30, 2014 primarily related to the Corporation actively pursuing a Qualifying Transaction for the full period, whereas during the same period in 2013 it did not actively begin to pursue a Qualifying Transaction until the month of May;

- Filing fees during the three and nine months ended September 30, 2014 of $nil and $5,200 (three and nine months ended September 30, 2013 - $nil), relating to the Corporation's annual TSXV listing fee;

- Other fees during the three and nine months ended September 30, 2014 of $7 and $30 (three and nine months ended September 30, 2013 - $290 and $1,101); and

- Share-based compensation of $nil during the three and nine months ended September 30, 2014 (three and nine months ended September 30, 2013 - $nil and $74,760, relating to stock options issued in conjunction with the IPO).

As at the date of this MD&A, the Corporation's only operations consist of identifying and reviewing potential Qualifying Transactions, thus expenses of the Corporation will vary from period to period depending on the availability of opportunities and the timing of ongoing fees associated with maintaining its status as a CPC. The Corporation incurs periodic charges relating to its public listing and evaluation of potential Qualifying Transactions, including for preparation of tax documents, dissemination of news releases, fees for its ongoing TSXV listing, holding of its Shareholder Meeting and conducting due diligence on projects.

Liquidity and Capital Resources

As at September 30, 2014, the Corporation had working capital of $588,488 and a cash balance of $590,896. The Corporation does not have any long-term debt or bank facilities. Management considers its amount of working capital to be sufficient for the Corporation to meet its ongoing obligations. Management intends to ensure that the operational and administrative costs are minimal prior to the completion of a Qualifying Transaction to preserve its working capital as much as possible. The majority of the Corporation's working capital has been placed into a 30-day rolling Term Deposit with TD Canada Trust, which pays the Corporation 1.20% interest on an annualized basis.

Although the Corporation currently has sufficient working capital to meets its ongoing obligations to identify and evaluate possible Qualifying Transactions, there is no assurance that this amount of working capital will be sufficient to permit the completion of a Qualifying Transaction. The Corporation may be required to complete additional financings in order to be in a position to complete a Qualifying Transaction, which the Corporation anticipates would occur through the issuance of additional common shares.

Outstanding Share Data

As at September 30, 2014 and as of the date of this MD&A, the Corporation had the following common shares and options to purchase common shares outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	10,000,000	-	-
Stock Options to Directors & Officers	1,000,000	$0.10	May 13, 2018
Agent Options	500,000	$0.10	May 7, 2015

Transactions with Related Parties

Pursuant to an Administration Services Agreement, Exito pays $1,429 per month to a corporation wholly owned by two directors of the Corporation for the use of office space, reception and boardrooms, equipment (including computers, telephones, vehicles, etc.), printing and all other necessary administrative functions and services required to permit Exito to review and evaluate potential Qualifying Transactions. During the three months ended September 30, 2014, $4,286 ($4,500 during the three months ended September 30, 2013) and $12,859 during the nine months ended September 30, 2014 ($9,000 during the nine months ended September 30, 2013) was paid in accordance with this arrangement.

During the three and nine months ended September 30, 2014 $1,150 and $3,400 ($1,000 and $4,150 during the three and nine months ended September 30, 2013) in professional fees were incurred from a partnership, for accounting services relating to the preparation of financial statements, in which a Director of the Corporation has family relationships. There was $2,500 in accounts payable and accrued liabilities at September 30, 2014 ($2,000 at September 30, 2013) for such professional fees.

During the three and nine months ended September 30, 2014, $103 and $1,603 ($1,606 and $11,606 during the three and nine months ended September 30, 2013) in legal fees was incurred and was paid to a law firm, for legal services, in which a Director of the Corporation is a Partner. The legal fees incurred during the three and nine months ended September 30, 2014 were for general corporate matters and were classified as professional fees. The legal fees incurred during the three and nine months ended September 30, 2013 related to the IPO and were classified as share issue costs. There was $1,603 in accounts payable and accrued liabilities at September 30, 2014 ($2,000 at September 30, 2013) for such legal fees.

These transactions were incurred during the normal course of operations on similar terms and conditions to those entered into with unrelated parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

The fair values of the Corporation's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these financial instruments.

To date, the Corporation has not participated in any risk management or commodity price contracts.

Off-Balance Sheet Arrangements

The Corporation had no off-balance sheet arrangements as at September 30, 2014 or as of the date of this MD&A.

Risk and Uncertainties

The Corporation does not have an active business and its only significant assets are cash and Government of Canada term deposits. The Corporation does not have a history of earnings, nor has it paid or does it expect to pay any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the TSXV may suspend or de-list the Corporation's shares from trading.

For additional information regarding risks and uncertainties relating to the Corporation, readers are encouraged to review the "Risk Factors" section of the Corporation's Prospectus dated March 28, 2013, which is available on SEDAR at www.sedar.com.

Disclosure Controls and Internal Controls Over Financial Reporting

The management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the financial statements for the three months ended September 30, 2014.

The management of the Corporation has filed the Venture Issuer Basic Certificate with the interim filings for the period ended September, 2014 on SEDAR at www.sedar.com.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Critical Accounting Policies and Estimates

The preparation of the Corporation's condensed interim financial statements is in conformity with IFRS. Preparing the Corporation's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Note 3 of the Corporation's audited financial statements for the year ended December 31, 2013 provides greater detail regarding all of the significant accounting policies.

Financial Instruments

<u>Fair Value</u>

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accruals. The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments as at September 30, 2014 approximates their fair value because of the short maturities and normal trade term of these instruments.

The Corporation has classified its financial instruments as follows:

Financial Instrument	Category	Measurement Method
Cash and cash equivalents	*Held-for-trading*	*Fair value*
Accounts receivable	*Loans and receivables*	*Amortized cost*
Accounts payable and accruals	*Other financial liabilities*	*Amortized cost*

Financial Risk Management

The Corporation manages its exposure to financial risks, including liquidity risk and interest rate risk in accordance with its risk management framework. The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework and reviews the Corporation's policies on an ongoing basis.

(a) Liquidity Risk

The liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation's financial liabilities mainly include accounts payable and deferred liabilities, which relate to pursuing the IPO, general administrative expenses and costs associated with pursuing a Qualifying Transaction. As of the date of this MD&A, the Corporation has sufficient funds to allow for it to pursue a Qualifying Transaction, however this does not ensure that such a Qualifying Transaction will ever be completed or that the Corporation's current amount of funds will be enough to facilitate a Qualifying Transaction if one is located. The Corporation handles liquidity risk through the management of its capital structure.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's cash is located in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as at September 30, 2014 or as of the date of this MD&A.

Capital Management

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
ii. to maintain investor, creditor and market confidence in order to sustain the future development of its business.

The Corporation is not subject to any externally or internally imposed capital requirements as at September 30, 2014 or as of the date of this MD&A.

Future Accounting Standards

There were no new or amended standards issued during the three months ended September 30, 2014 that are applicable to the Company in future periods. A description of standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the annual Financial Statements for the year ended December 31, 2013.

Operational Outlook

The Corporation has not had any significant changes to its overall business strategy from that discussed in the Prospectus and it continues to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction.

Subsequent Events

Subsequent to September 30, 2014, the Corporation entered into a letter of intent with Millennium dated November 13, 2014 (the "Letter Agreement"), pursuant to which the Corporation intends to acquire all of the issued and outstanding common shares of Millennium (the "Millennium Shares"), effected by way of an amalgamation pursuant to the *Business Corporations Act* (Alberta) to form a new company ("Amalco"). Pursuant to the terms of the Amalgamation: (i) all of the issued and outstanding common shares of the Corporation (the "Exito Shares") shall be consolidated on an 18-for-1 basis (the "Consolidation") such that the issued and outstanding Exito Shares shall be 555,556; (ii) each post-Consolidation Exito Share will be exchanged for one common share of Amalco (an "Amalco Share"); (iii) each of the 83,333 post-Consolidation options to acquire Exito Shares at an exercise price of $1.80 per Exito Share will be exchanged for an option to acquire one Amalco share on the same terms and conditions; and (iv) each of the issued and outstanding Millennium Shares will be exchanged for one Amalco Share. Prior to taking into account any Millennium Shares to be issued pursuant to the Millennium Private Placement (as described below), the 45,044,637 issued and outstanding Millennium Shares will be exchanged for an equivalent number of Amalco Shares at a deemed price of $2.25 per Amalco Share, for deemed consideration of approximately $101,350,433.

Millennium is a private energy service company headquartered in Calgary, Alberta, Canada, whose primary business is to provide specialized oilfield services, including hydraulic fracturing, coiled tubing and other well completion services to oil and gas companies currently operating in Alberta, Saskatchewan and Manitoba. Millennium currently has shop and sand storage facilities in Medicine Hat, Alberta and Estevan, Saskatchewan. In early 2013, Millennium commenced limited commercial operations and prior to that was in a development phase. Full commercial operations commenced in November 2013 after the delivery of the first coiled tubing unit. Millennium recently made a strategic acquisition of a private well fracturing company that developed and has patents pending for the pumping of energized natural gas foam frac applications through the use of liquefied natural gas or "LNG". Patents are currently being pursued in Canada and the United States, and may be sought in other jurisdictions.

Millennium currently operates two well fracturing fleets, two deep coiled tubing units and a liquid nitrogen pumper totaling 14,000 brake horsepower ("BHP") which have an average equipment age of approximately one year. The deployment of Millennium's second coiled tubing unit occurred in July 2014 and thus the three months ended September 30, 2014 was Millennium's first full quarter of operations with the equipment and the staff necessary to operate continuously.

Millennium is currently undertaking a brokered private placement of Millennium Shares at a price per Millennium Share of $2.25 (the "Millennium Private Placement"). In accordance with the terms of the Letter Agreement, prior to the Amalgamation being effected, Millennium will issue a minimum of 4,444,444 ($10.0 million) and a maximum of 17,777,777 ($40.0 million) Millennium Shares. Depending upon the number of Millennium Shares issued pursuant to the Millennium Private Placement, Amalco will issue a minimum of 49,489,081 Amalco Shares and a maximum of 62,822,414 Amalco Shares to the Millennium shareholders. The total outstanding Amalco Shares after the closing of the Amalgamation will be a minimum of 50,044,637 Amalco Shares and a maximum of 63,377,970 Amalco Shares.

EXITO ENERGY II INC.

CORPORATE DATA

LISTING:
TSX Venture Exchange
Symbol: **EXI.P**

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DIRECTORS AND OFFICERS

- Brad Docherty: President, CEO, Director & Audit Committee Member
- Eli Abergel: Chief Financial Officer, Corporate Secretary & Director
- Bill Matheson: Independent Director & Audit Committee Member
- Chris Scase: Independent Director & Audit Committee Member
- Andrew Oppenheim: Independent Director
- Colin Reeves: Independent Director
- Brody Loster: Independent Director

REGISTRAR AND TRANSFER AGENT

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