EXITO ENERGY II INC.

(“Exito” or the “Corporation”)

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE YEARS AND THREE MONTH PERIODS
ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

This Management Discussion & Analysis (“MD&A”) is a review of the financial results and condition of the Corporation for the years and three month periods ended December 31, 2014 and December 31, 2013, and should be read in conjunction with the audited financial statements for the same periods, 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 April 29, 2015.

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.

On November 13, 2014, the Corporation entered into a letter of intent (the "Letter Agreement") with Millennium Stimulation Services Ltd. ("Millennium"), pursuant to which the Corporation intends to acquire all of the issued and outstanding common shares of Millennium, to be effected by way of an amalgamation pursuant to the *Business Corporations Act* (Alberta). The Letter Agreement is currently valid until May 6, 2015.

There is no assurance that the Corporation will complete a business transaction or asset acquisition within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

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

Selected Annual Financial Information

The following sets forth selected audited annual financial data relating to the Corporation's year ended December 31, 2014 and the year ended December 31, 2013:

	Year ended December 31, 2014	Year ended December 31, 2013
Total assets	$ 596,903	$ 618,140
Total long term liabilities	-	-
Shareholders' equity	549,199	608,533
Net loss	59,334	98,440
Total revenue – interest income	7,464	2,965
General and administrative costs:		
Business acquisition	36,561	-
Professional fees	6,173	11,597
Office rent and supplies	18,824	13,940
Listing fees	5,200	-
Other	40	1,108
Share-based compensation	-	74,760

Results of Operations

As at December 31, 2014, the Corporation did not have any active operations and therefore no revenues from operations since inception except interest income. During the year ended December 31, 2014 interest income totalling $7,464 was received (year ended December 31, 2013 - $2,965). Cash from financing activities during the year ended December 31, 2014 was $nil (year ended December 31, 2013 - $632,213, as the Corporation issued the Seed Shares and the IPO Shares). The activity during the year ended December 31, 2014 related to identifying and reviewing potential Qualifying Transactions.

The total comprehensive loss for the year ended December 31, 2014 was $59,334, or $0.01 per share, as compared to total comprehensive loss of $98,440 for the year ended December 31, 2013, or $0.01 per share. The loss in 2014 was primarily the result of business acquisition costs of $36,561 relating to the Corporation's proposed amalgamation with Millennium. General and administrative expenses during the year ended December 31, 2014 were $30,237, compared to $26,645 during the year ended December 31, 2013. The decrease in loss of $39,106 in 2014 was largely the result of there not being a share-based compensation charge during the year as there was in 2013. However this was offset by higher general and administrative expenses and business acquisition costs during the year ended December 31, 2014, resulting from the Corporation pursuing and evaluating Qualifying Transactions for the entire fiscal year, as compared to not being active in such efforts in fiscal 2013 until the month of May.

Expenses

During the year ended December 31, 2014, the following costs were incurred by the Corporation:

- Business acquisition costs of $36,561 (year ended December 31, 2013 - $nil). This amount related to due diligence and professional fees incurred with respect to the Corporation's proposed amalgamation with Millennium.

- Professional fees of $6,173, including audit/accounting and legal fees paid to firms with non-arm's length parties to the Corporation; see *"Transaction with Related Parties"* below (year ended December 31, 2013 - $11,567, primarily relating to fees associated with the IPO);

- Office rent and supplies expense of $18,824, including certain fees paid to a company owned by non-arm's length parties to the Corporation; see *"Transaction with Related Parties"* below (year ended December 31, 2013 - $13,940). The increase during the year ended December 31, 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 of $5,200 (year ended December 31, 2013 - $nil), relating to the Corporation's annual TSXV listing fee;

- Other fees of $40 (year ended December 31, 2013 - $1,108); and

- Share-based compensation of $nil (year ended December 31, 2013 - $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.

Income Taxes

As at December 31, 2014 Exito had approximately $51,451 in tax pools comprised of $33,783 in non-capital losses and $17,668 in share issue costs. The Corporation's non-capital losses will begin to expire in 2031.

Summary of Quarterly Results

The following table compares the Corporation's results for the three month periods ended December 31, 2014 and 2013:

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013
Total assets	$ 596,903	$ 618,140
Total long term liabilities	-	-
Shareholders' equity	549,199	608,553
Net loss (income)	39,289	(2,515)
Total revenue	2,035	2,328
General and administrative costs:		
Business acquisition	36,561	-
Professional fees	465	(4,051)
Office rent and supplies	4,288	3,857
Filing fee	-	-
Other	10	7
Share-based compensation	-	-

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

	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Total assets	$ 596,903	$ 592,591	$ 597,310	$ 615,755
Total long term liabilities	-	-	-	-
Shareholders' equity	549,199	588,488	592,310	600,045
Net loss (income)	39,289	3,822	7,735	8,488
Total revenue – interest income	2,035	1,724	1,701	2,004
General and administrative costs:				
Business acquisition	36,561	-	-	-
Professional fees	465	1,253	3,455	1,000
Office rent and supplies	4,288	4,286	5,965	4,285
Filing fee	-	-	-	5,200
Other	10	7	16	7
Share-based compensation	-	-	-	-

	Three Months Ended December 31, 2013	Three Months Ended September 30, 2013	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013
Total assets	$ 618,140	$ 620,667	$ 627,509	$ 257,975
Total long term liabilities	-	-	-	-
Shareholders' equity	608,553	618,666	626,508	249,999
Net loss (income)	(2,515)	7,842	93,113	-
Total revenue – interest income	2,328	637	-	-
General and administrative costs:				
Business acquisition	-	-	-	-
Professional fees	(4,051)	2,606	13,042	-
Office rent and supplies	3,857	5,583	4,500	-
Filing Fee	-	-	-	-
Other	7	290	811	-
Share-based compensation	-	-	74,760	-

Discussion of Quarterly Results

During the three months ended December 31, 2014 interest income totalling $2,035 was received ($2,328 for the three months ended December 31, 2013). Cash from financing activities during the three months ended December 31, 2014 was $nil ($nil during the three months ended December 31, 2013). The activity during the three months ended December 31, 2014 related to identifying and reviewing potential Qualifying Transactions.

The total comprehensive loss for the three months ended December 31, 2014 was $39,289, or $nil per share, as compared to total comprehensive income of $2,515 for the three months ended December 31, 2013, or $nil per share. The loss during the three months ended December 31, 2014 was a result of business acquisition costs of $36,561 being recorded relating to pursuing the proposed amalgamation with Millennium. General and administrative expenses of $4,763 were incurred during the three months ended December 31, 2014 compared to $(187) during the three months ended December 31, 2013, primarily relating to the Corporation being more active in 2014 with regards to evaluating potential Qualifying Transactions and also because there was a positive adjustment made to the Corporation's general and administrative expenses during the period in 2013.

Expenses

During the three months ended December 31, 2014, the following costs were incurred by the Corporation:

- Business acquisition costs of $36,561 (three months ended December 31, 2013 - $nil). This amount related to due diligence and professional fees incurred with respect to the Corporation's proposed amalgamation with Millennium.

- Professional fees of $465, 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 months ended December 31, 2013 - $(4,051);

- Office rent and supplies expense of $4,288, including certain fees paid to a company owned by non-arm's length parties to the Corporation; see *"Transaction with Related Parties"* below (three months ended December 31, 2013 - $3,857); and

- Other fees of $10 (three months ended December 31, 2013 - $7).

Liquidity and Capital Resources

As at December 31, 2014, the Corporation had working capital of $549,199 ($608,533 - December 31, 2013) and a cash balance of $586,589 ($613,778 – December 31, 2013). 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 modest variable interest on a monthly 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 December 31, 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 and year ended December 31, 2014, $4,287 and $17,143 ($3,857 and $12,857 during three months and year ended December 31, 2013) was paid in accordance with this arrangement. There was $nil in accounts payable and accrued liabilities at December 31, 2014 ($nil at December 31, 2013) relating to this arrangement.

It was determined that during the years ended December 31, 2014 and 2013 professional fees paid to a partnership at which a Director of the Corporation has family relationships, for accounting services relating to the preparation of financial statements, were not in compliance with TSXV Policies relating to Capital Pool Companies. In total, $7,300 (excluding GST) was paid to this partnership, $1,900 and $5,400 in the years ended 2014 and 2013 respectively. There was $7,665 in accounts receivable at December 31, 2014 and $2,250 in accounts payable and accrued liabilities at December 31, 2013 relating to these professional fees. This partnership repaid the full amount of $7,665 to the Corporation in Q1 2015.

During the three months and year ended December 31, 2014, $38,879 and $39,234 ($5,279 and $16,885 during the three months and year ended December 31, 2013) in legal fees were incurred, relating to a law firm in which a Director of the Corporation is a Partner. The legal fees incurred during the three months and the year ended December 31, 2014 mainly consisted of fees associated with business acquisition costs of $36,561 relating to the Corporation's proposed amalgamation with Millennium, with the remainder being for general corporate matters and classified as professional fees. The legal fees incurred during the three months and year ended December 31, 2013 related to the IPO and were classified as share issue costs. There was $38,789 in accounts payable and accrued liabilities at December 31, 2014 ($357 at December 31, 2013) relating to such legal fees.

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 December 31, 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 December 31, 2014.

The management of the Corporation has filed the Venture Issuer Basic Certificate with the annual filings for the period ended December 31, 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 financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred income tax assets are recognized to the extent it is more likely than not to be realized.

Share based payments

The amounts disclosed relating to fair values of stock options issued are based on management's estimates of expected stock price volatility, expected lives of the options, risk-free interest rates and other assumptions. By their nature these estimates are subject to uncertainty and the effect from changes in such estimates in future years could be material.

Financial Instruments

Fair Value

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 December 31, 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	*Loans and receivables*	*Amortized cost*
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 December 31, 2014 or as of the date of this MD&A.

Capital Management

The Corporation's capital as at December 31, 2014 consists of $586,589 (December 31, 2013 - $613,778) cash and cash equivalents and $605,906 (December 31, 2013 - $605,906) 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 the business.

The Corporation is restricted to spending $210,000 of its capital on corporate costs that do not relate to pursuing a Qualifying Transaction, such as general and administrative expenses relating to being listed on the TSXV and issuing shares. As of the date of this MD&A, Exito has spent $61,883 that fall within this spending restriction.

Future Accounting Standards

Effective January 1, 2014 the Corporation adopted the following standards:

In May 2013, the IASB issued International Financial Reporting Interpretation Committee (IFRIC) 21 Levies. This clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. The company is not currently subjected to levies so there is no impact on the Company. This policy is effective for years beginning on or after January 1, 2014

IAS 32, *Financial Instruments – Presentation, on asset and liability offsetting* was issued with amendments in December 2011. The amendments clarify certain aspects of the existing guidance on offsetting financial assets and financial liabilities. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard had no impact on the amounts recorded in the Company's financial statements.

IAS 36, Impairment of Assets was amended in May 2013 to reduce the circumstance in which the recoverable amount of CGUs is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. The amendments require retrospective application and were adopted by the Company on January 1, 2014. The adoption of this standard had no impact on the amounts recorded in the Company's financial statements. This policy is effective for years beginning on or after January 1, 2014.

The following standards and amendments have not been adopted as they apply to future periods and may result in future changes to existing accounting policies and disclosures. The adoption of these amendments is not expected to have a material impact on the Corporation's financial statements.

IFRS 9, *Financial Instruments* - The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of the standard.

IFRS 15, *Revenue from Contracts with Customers* - The new standard was issued in May 2013 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurements retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Company is currently evaluation the impact of the standard.

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 pursue the completion of a Qualifying Transaction.

EXITO ENERGY II INC.

CORPORATE DATA

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

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- 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

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