MERCURY CAPITAL II LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

JUNE 30, 2013

Introduction

This Management's Discussion and Analysis ("**MD&A**") is dated August 7, 2013, unless otherwise indicated and should be read in conjunction the unaudited condensed interim financial statements for the three months ended June 30, 2013 in addition to the audited financial statements of Mercury Capital II Limited (the "**Company**") for the year ended March 31, 2013 and the period from March 27, 2012 (date of incorporation) to March 31, 2012, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for three months ended June 30, 2013, are not necessarily indicative of the results that may be expected for any future period.

The Company applies International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the IFRS Interpretations Committee ("**IFRIC**"). The unaudited condensed interim financial statements for the three months ended June 30, 2013 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

Further information about the Company and its operations can be obtained from the offices of the Company or from **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company expects to complete a Qualifying Transaction (defined below) within 24 months of being listed on the Exchange (July 12, 2015).	The Company expects to identify an asset or business to acquire and close a Qualifying Transaction, on terms favourable to the Company.	The Company's inability to identify an asset or business to acquire, the Company's inability to satisfy all of the conditions precedent (due diligence, shareholder and regulatory approval, financing) to close a Qualifying Transaction, half the Company's seed common shares being cancelled and transferring to the NEX.

The Company's ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2014.	The operating activities of the Company for the twelve-month period ending June 30, 2014, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated under the *Business Corporations Act* (Ontario) on March 27, 2012 and to date there have been limited operations. The registered office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9. The Company's financial year ends on March 31.

On July 10, 2013, the Company completed an initial public offering (the "**Offering**") pursuant to Policy 2.4 – *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange ("**Exchange**") and became classified as a Capital Pool Company (as such term is defined in Policy 2.4). The Company's common shares commenced trading on the Exchange under the symbol "MFF.P" on July 12, 2013. The Company's principal business is the identification and evaluation of assets or businesses for the purpose of completing a Qualifying Transaction (as such term is defined in Policy 2.4).

On July 18, 2013, the Company entered into a letter of intent (the "LOI") for the arm's length acquisition of 100% of the common shares of Revive Therapeutics Inc. ("Revive"). Refer to "Subsequent Events" below.

The Company has not commenced commercial operations and has no assets other than funds held in trust and prepaid expenses. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The Company has not conducted commercial operations and it is focused on the identification and evaluation of businesses or assets to acquire. Until Completion of the Qualifying Transaction (as such term is defined in Policy 2.4), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. Except as described in the Company's prospectus dated May 22, 2013 in connection with its Offering, funds raised pursuant to the issuance of shares by the Company will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses.

Discussion of Operations

Three months ended June 30, 2013

The Company's net loss totaled $3,185 for the three months ended June 30, 2013, with basic and diluted loss per share of $0.00. Net loss principally related to professional fees of $3,185.

Three months ended June 30, 2012

The Company's net loss totaled $nil for the three months ended June 30, 2012, with basic and diluted loss per share of $0.00.

Selected Quarterly Information

A summary of selected information for the quarter presented below is as follows:

		Net Loss	
Three Months Ended	**Net Revenues ($)**	**Total ($)**	**Basic and Diluted Loss Per Share ($)**
June 30, 2013	-	(3,185)	(0.00)
June 30, 2012	-	-	-
March 31, 2012	-	(2,163)	(0.00)

Information for the three months ended March 31, 2013, December 31, 2012 and September 30, 2012 is not available as the Company was not a reporting issuer on these dates and did not prepare financial statements for these quarters.

Liquidity

At June 30, 2013, the Company had working capital of $86,647. The Company manages its capital structure and makes adjustments to it, based on available funds to the Company. Capital levels for Capital Pool Companies are regulated pursuant to guidelines issued by the Exchange. These guidelines state that proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company not related to the identification and evaluation of a Qualifying Transaction. These restrictions apply until Completion of the Qualifying Transaction by the Company. Management believes the Company's working capital is sufficient for the Company to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction.

Capital Resources

The following financings have been completed by the Company:

Date	Gross Proceeds	Type of Transaction
March 19, 2013 (1)	$100,000	Seed Financing
July 10, 2013 (2)	$355,620	Offering

(1) On March 19, 2013, the Company issued 666,665 common shares for cash of $100,000 in its seed financing. Upon completion of the Offering, these shares are being held in escrow and will be released in future periods in accordance with the policies of the Exchange.

(2) On July 10, 2013, the Company completed the Offering by issuing 1,185,400 common shares at a price of $0.30 per share for gross proceeds of $355,620. Hampton Securities Limited (the "Agent") acted as agent for the Offering. The Company paid the Agent a commission of $35,562 (10% of the gross proceeds of the Offering). In addition, the Company granted the Agent warrants to acquire 118,540 common shares at a price of $0.30 per share that may be exercised until July 12, 2015.

In addition, at the closing of the Offering on July 10, 2013, the Company granted incentive stock options to its six officers and directors to acquire a total of 185,206 common shares. The incentive stock options may be exercised for a period of ten years at a price of $0.30 per share. The incentive stock options vested on the date of grant.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(i) During the three months ended June 30, 2013, the Company incurred $7,617 in legal expenses from a law firm whose partner is a director of the Company (three months ended June 30, 2012 - $nil). Of the total amount incurred, $6,512 (three months ended June 30, 2012 - $nil) is in respect of the issuance of common shares which has been recorded in share capital as share issuance costs and the remainder relates to general legal work which has been recorded in professional fees. At June 30, 2013, $10,785 (March 31, 2013 - $3,168) is recorded in accounts payable and accrued liabilities.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the three months ended June 30, 2013 and the three months ended June 30, 2012.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks Factors" in the Company's final prospectus dated May 22, 2013, available on SEDAR at **www.sedar.com**.

Change in Accounting Policies

(i) IFRS 10 - Consolidated Financial Statements ("IFRS 10") is effective for the Company beginning on April 1, 2013, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements.

(ii) IFRS 11 - Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 - Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for the Company beginning on April 1, 2013. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements.

(iii) IFRS 12 - Disclosure of Interests in Other Entities is effective for the Company beginning on April 1, 2013, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements.

(iv) IFRS 13 - Fair Value Measurement is effective for the Company beginning on April 1, 2013, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim financial statements.

Financial Instruments

Fair Values

At June 30, 2013, the Company's financial instruments consist of funds held in trust and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The financial instruments that potentially subject the Company to a concentration of credit risk is funds held in trust. To minimize the credit risk the $76,648 is held within a law firm's trust account.

Interest Rate Risk

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

Liquidity Risk

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

Capital Management

The Company's capital currently consists of shareholders' equity. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

Critical Accounting Estimates

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, accrued liabilities.

Outlook

For the immediate future, the Company intends to evaluate direct or indirect acquisitions of assets to complete a Qualifying Transaction. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

Share Capital

As of the date of this MD&A, the Company had 1,852,065 issued and outstanding common shares. The Company also had 185,206 stock options and 118,450 agent's warrants outstanding. Therefore, the Company had 2,155,721 common shares on a fully diluted basis. The diluted loss per share did not include the effect of the options outstanding as they are anti-dilutive.

Additional Disclosure for Venture Issuers without Significant Revenue

General and Administrative

	Three Months Ended June 30, 2013 ($)	Three Months Ended June 30, 2012 ($)
Professional fees	3,185	-
Total	**3,185**	**-**

Subsequent Events

(i) On July 10, 2013, the Company completed the Offering by issuing 1,185,400 common shares at a price of $0.30 per share, for gross proceeds of $355,620. The common shares of the Company were listed and posted for trading on the Exchange under the trading symbol "MFF.P" at the opening of the market on July 12, 2013.

Hampton Securities Limited ("Hampton") acted as agent for the Offering. In connection with the Offering, the Company granted Hampton agent's warrants to acquire 118,540 common shares at a price of $0.30 per share until July 12, 2015, and paid Hampton a commission of $35,562 (10% of the gross proceeds of the Offering) and a $10,000 corporate finance fee.

At the closing of the Offering, the Company also granted incentive stock options to its six officers and directors to acquire a total of 185,206 common shares. The options may be exercised for a period of ten years at a price of $0.30 per share.

(ii) On July 18, 2013, the Company announced that it had entered into a letter of intent (the "LOI") for the arm's length acquisition of 100% of the common shares of Revive Therapeutics Inc. ("Revive"). Pursuant to the terms of the LOI and subject to completion of certain conditions precedent, including, satisfactory due diligence, execution of a definitive agreement, completion of a concurrent financing and receipt of all necessary shareholder, regulatory and Exchange approvals, the proposed acquisition of Revive will qualify as the Company's Qualifying Transaction.