MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
As at February 28, 2017
Date: April 26, 2017

The following discussion and analysis provide a review of activities, results of operations and financial condition of Sumtra Diversified Inc. (the "Company") for the six months ended February 28, 2017 in comparison with those for the six months ended February 28, 2016. It should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes of the Company for the respective years ended August 31, 2016 and August 31, 2015.

Results of continuing operations

During the six months ended February 28, 2017, the Company incurred expenses of $62,504 compared with $48,705 for the corresponding six months ended February 28, 2016. The increase was mainly due to professional fees related to a potential takeover transaction.

Revenue decreased to $1,351 for the six months ended February 28, 2017 from $1,634 for the six months ended February 28, 2016.

The net loss for the six months ended February 28, 2017 was $(61,153) compared to a net loss of $(47,071) for the six months ended February 28, 2016.

Two Year Quarterly Financial Information (Figures in thousands except per share amounts)

Quarter	**Revenue**	**Net Income (Loss)**	**Net Income (Loss) per share**	
2017				
Q2	-	(32)	$ (0.005)	
Q1	1	(29)	$ (0.004)	
2016				
Q4	-	(26)	$ (0.003)	
Q3	1	(11)	$ (0.002)	
Q2	1	(34)	$ (0.006)	
Q1	1	(13)	$ (0.002)	
2015				
Q4	1	(28)	$ (0.003)	
Q3	1	(24)	$ (0.003)	

Working Capital and Liquidity

Working capital, the excess of current assets over current liabilities, decreased to $325,346 at February 28, 2017 compared to $386,499 at August 31, 2016. The Company has no current plans for any major expenditures going forward and is maintaining its cash resources in secure short-term bank certificates of deposit to ensure cash is available to fund current operating overheads.

Capital Transactions

During the year ended August 31, 2015, 60,000 stock options were issued and allocated to directors and officers. This issuance was ratified on April 21, 2015 at the Company's Annual and Special Shareholders' meeting.
As well, at the same meeting, the resolution proposing to reduce the option price for all the 623,740 exercisable options from $0.10 to $0.05 per share for the balance of the remaining term of the options was approved.
During the year ended August 31, 2015 the Company recognized Stock Compensation expense of $2,725 relating to the 60,000 options granted and the exercise price amendment for all the 623,740 exercisable options. The total amount of $2,725 was recognized as Directors' fees during the year ended August 31, 2015.

Outstanding Share Data

The Company has an unlimited number of authorized common shares.

The number of issued and outstanding common shares at February 28, 2017 was 6,237,400.

Selected Annual Information

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		Aug-31 2016		Aug-31 2015		Aug-31 2014
Total Revenue	$	3,143	$	702,959	$	87,019
Net Income (Loss)	$	(84,494)	$	322,621	$	51,861
Income (Loss) per share-Basic and Diluted	$	(0.01)	$	0.05	$	0.01
Total assets	$	413,476	$	487,640	$	254,397
Total non-current financial liabilities	$	nil	$	nil	$	nil
Cash dividends declared per-share	$	nil	$	nil	$	nil

Related Party Transactions

During the six months ended February 28, 2017 $4,800 (2016 - $4,800) was paid for routine corporate secretarial and accounting services to a shareholder and officer of the Company.

HST Reassessment

During the year ended August 31, 2016 the Company received an HST reassessment denying any input tax credit rebates commencing December 1, 2014. As a result the Company has written off and set up as a liability $7,163 related to the year ended August 31, 2015 and as well, has written off $6,125 of sundry receivables related to the current year. The total of $13,228 has been included in Head office and corporate charges in the last fiscal year. The Company has filed a Notice of Objection with the Canada Revenue Agency and has received a response restricting the HST input tax credit claims to legal and accounting fees directly related to the pursuit of a potential takeover transaction.

Reverse Takeover Transaction

On October 11, 2016 the Company announced it has entered into a letter of intent to acquire a 100% interest in Hygea Holdings Corp. in a reverse takeover transaction. It is expected that the transaction will be completed by way of a plan of arrangement under the Business Corporations Act (Ontario) and that the completion of the transaction would constitute a reverse take-over and change of control of the Company.

The closing of this transaction is subject to various conditions, including due diligence, and shareholder and regulatory approval, as well as Hygea obtaining certain financings.

Investor Relations

Investor Relations activities during the period consisted of providing investor and broker information in response to inquiries. Additional information relating to the Company is available on SEDAR at www.sedar.com.