

CANEX ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2016

1.1 DATE

The following Management Discussion and Analysis (“MD&A”) is prepared by management and approved by the Board of Directors as at December 23, 2016 and should be read in conjunction with the financial statements for the period ended October 31, 2016 of Canex Energy Corp (“Canex” or the “Company”) with the related notes thereto. Those financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Readers may also want to refer to the April 30, 2016 audited financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

1.2 CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical facts relating to the Company, this MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “implied”, “intend” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein.

1.3 OVERALL PERFORMANCE

The Company was incorporated on September 20, 2006 under the *Business Corporations Act* (British Columbia) to operate as a resource exploration and development company focusing on the acquisition and exploration of mineral properties.

On September 13, 2016, the Company common shares were consolidated on a basis of one post-consolidated common share for every three pre-consolidated common shares. Prior to this, on May 12, 2015, the Company’s common shares were consolidated on the basis of one post-consolidated common share for every three pre-consolidated common shares. The numbers of the shares presented in these financial statements have all been adjusted to reflect the impact of these share consolidations.

Clearwater West

On January 28, 2014, the Company entered into a property option agreement with Fission 3.0 Corp. (“Fission”) to earn up to a 50% interest in the Clearwater West project in the southwestern Athabasca Basin region, Saskatchewan. In consideration, the Company initially agreed to:

- i. issue 193,486 common shares of the Company to Fission on closing of the agreement at a fair value of \$1.35 per share (issued); and

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- ii. incur a total of \$5,000,000 in exploration expenditures on or before October 10, 2016 according to the following schedule:

Term	Interest Earned	Work Obligation
By October 10, 2014	-	\$ 700,000 (met)
By October 10, 2015	20%	2,000,000
By October 10, 2016	30%	2,300,000
Total	50%	\$ 5,000,000

The Company also agreed to grant a 2% Net Smelter Royalty (“NSR”) to Fission on the property.

On November 5, 2015, the Company issued 333,333 common shares of the Company to extend the exploration expenditure requirements of October 10, 2015 and October 10, 2016 to April 30, 2016 and April 30, 2017 respectively. The common shares were valued at \$25,000.

The Company did not fulfil its revised April 30, 2016 expenditure requirement and subsequently during the period ended October 31, 2016, the Company received notice from Fission that it has terminated its property option agreement for the Clearwater West property. Accordingly, the property’s costs totalling \$1,580,891 were written off.

As at the date of this MD&A, the Company has paid a total of \$1,294,684 (April 30, 2015 - \$914,288) in exploration expenditures on the Clearwater West property however the carrying value of the property has been entirely written off, as on May 30, 2016 including capitalized acquisition costs. The Company received notice from Fission that it has terminated its property option agreement for the Clearwater West property due to the Company defaulting in its expenditure commitments.

Private Placement and Share Repricing

In December 2015, the Company completed a Private Placement of 4,000,000 common shares raising gross proceeds of \$100,000.

On June 2, 2015 and June 26, 2015, the Company completed a Private Placement in two respective tranches totaling 4,024,667 units raising gross proceeds of \$603,700. Each unit was priced at \$0.15 per unit and was comprised of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.30 per share for a period of 12 months from the date of closing of the non-brokered Private Placement. Total share issuance costs of \$2,400 were paid in conjunction with the Private Placement.

On September 30, 2016, an agreement was reached with the Company’s former CEO (“Subscriber”) in regards to the pricing of a previously completed private placement financing approved by the TSX Venture Exchange (the “Exchange”) pursuant to a bulletin issued on March 16, 2016.

The Subscriber initially purchased 1,420,000 shares at \$0.025 per share (473,333 shares at \$0.075 per share post 1 for 3 rollback). As a result of a review completed by the Exchange, an agreement has been reached such that the price of the shares purchased by the Subscriber has been adjusted from at \$0.025 per share to \$0.05 per share (\$0.075 to \$0.15 per share post 1 for 3 rollback), resulting in the issuance of 236,666 shares to the Subscriber under the private placement. The balance of the 236,666 post rollback shares received by the Subscriber under the private placement are deemed to have been received by the Subscriber at a price of \$0.05 per share (\$0.15 per share post rollback) in settlement of debts owing by the Company to the Subscriber. The net effect of this agreement was to increase the price of the 1,420,000 shares (473,000 post rollback) acquired by the Subscriber, from \$0.025 per share (\$0.075 post rollback), to \$0.05 per share (\$0.15 post rollback), and to eliminate any amounts owing by the Company to the Subscriber. \$35,500 was added to share capital as a result of this repricing.

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1.4 SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company expressed in Canadian dollars for the three most recently completed financial years and should be read in conjunction with the Company's financial statements and related notes for such periods.

	For the Fiscal Year ended April 30, 2016	For the Fiscal Year ended April 30, 2015	For the Fiscal Year ended April 30, 2014
Revenue	\$ -	\$ -	\$ -
Expenses	\$ 600,643	\$ 391,264	\$ 588,570
Total comprehensive loss	\$ 2,181,534	\$ 1,907,038	\$ 588,300
Loss per share – basic and diluted	\$ (0.24)	\$ (0.51)	\$ (0.30)
Working capital (deficiency)	\$ (149,837)	\$ (66,373)	\$ 20,607
Exploration and evaluation assets	\$ -	\$ 1,175,495	\$ 1,511,439
Total assets	\$ 10,760	\$ 1,226,800	\$ 1,766,534
Total long-term financial liabilities	\$ -	\$ -	\$ -
Deficit	\$ (5,176,152)	\$ (3,178,573)	\$ (1,285,529)
Weighted average number of shares outstanding	9,276,433	3,839,586	1,927,421

1.5 RESULTS OF OPERATIONS

For the three months ended October 31, 2016, the Company incurred a loss of \$19,687 compared to \$161,216 in the prior comparable period. Management is taking steps to re-focus the corporate operations, reduce overhead expenditures, raise additional capital and explore new mineral exploration opportunities. The resulting overall reduction in loss is a result of these changes.

For the six months ended October 31, 2016, the Company incurred a loss of \$51,936 compared to \$466,938 in the prior comparable period. Management is taking steps to re-focus the corporate operations, reduce overhead expenditures, raise additional capital and explore new mineral exploration opportunities. The resulting overall reduction in loss is a result of these changes.

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1.6 SUMMARY OF QUARTERLY RESULTS

A summary of quarterly results for the eight most recently completed quarters are as follows:

	Three Months Ended October 31, 2016	Three Months Ended July 31, 2016	Three Months Ended April 30, 2016	Three Months Ended January 31, 2016
Exploration and evaluation assets	\$ -	\$ -	\$ -	\$ 1,530,047
Deficit	\$ (5,228,088)	\$ (5,208,401)	\$ (5,176,152)	\$ (3,656,582)
Loss	\$ (19,687)	\$ (32,249)	\$ (1,703,525)	\$ (41,310)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.15)	\$ (0.00)
Total assets	\$ 31,172	\$ 35,444	\$ 10,760	\$ 1,622,073
Total liabilities	\$ 197,445	\$ 217,530	\$ 160,597	\$ 128,885
Total equity (deficit)	\$ (166,273)	\$ (182,086)	\$ (149,837)	\$ 1,493,188

	Three Months Ended October 31, 2015	Three Months Ended July 31, 2015	Three Months Ended April 30, 2015	Three Months Ended January 31, 2015
Exploration and evaluation assets	\$ 1,530,047	\$ 1,530,047	\$ 1,175,495	\$ 2,742,976
Deficit	\$ (3,615,271)	\$ (3,454,056)	\$ (3,178,573)	\$ (1,499,636)
Loss	\$ (161,216)	\$ (275,483)	\$ (1,692,932)	\$ (132,520)
Basic and diluted loss per share	\$ (0.02)	\$ (0.06)	\$ (0.33)	\$ (0.03)
Total assets	\$ 1,601,331	\$ 1,681,383	\$ 1,226,800	\$ 2,937,814
Total liabilities	\$ 131,331	\$ 111,145	\$ 117,678	\$ 135,761
Total equity	\$ 1,469,999	\$ 1,570,238	\$ 1,109,122	\$ 2,802,053

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of \$166,273 as of October 31, 2016 compared to a working capital deficiency of \$149,837 as of April 30, 2016.

Net cash used in operating activities for the period ended October 31, 2016 was \$48,357 compared to net cash used in operating activities for the period ended October 31, 2015 of \$280,904. The cash used in operating activities for the current year was for general and administrative expenditures, continued business development in areas of sourcing new finances to continue operations.

Net cash used in investing activities for the period ended October 31, 2016 was \$NIL compared to \$354,552 in the previous year for exploration and evaluation expenditures. The Company had lost its key mineral property of Clearwater West in the current reporting period of October 31, 2016 (Note 4).

Net cash provided by financing activities for the period ended October 31, 2016 was \$70,000 compared to \$601,300 for the period ended October 31, 2015. Both periods saw the completion of financings including a note payable financing and private placement, respectively.

To finance future acquisition, exploration and operating costs, the Company will require financing from external sources, including the issuance of new shares or debt. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interest of

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shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its option agreements.

1.7 OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

1.8 TRANSACTIONS WITH RELATED PARTIES

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

The Company incurred \$10,000 (October 31, 2015 - \$30,000) of management fees and \$4,500 in rent charges (October 31, 2015 - \$NIL) from a private company controlled by the former Chief Executive Officer (Peter Wilson) of the Company for management and consulting services performed. As at October 31, 2016, the Company owed \$838 (April 30, 2016 - \$5,933) for unpaid fees.

The Company incurred \$12,000 (October 31, 2015 - \$7,500) of fees from a private company controlled by the Chief Financial Officer (Ryan Cheung) of the Company for consulting services performed.

All amounts payable to related parties are unsecured, non-interest bearing and due on demand.

On July 21, 2016, the Company entered into a \$10,000 promissory note with a private company controlled by a director (Nick Demare) of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On July 26, 2016, the Company entered into a \$25,000 promissory note with significant shareholder (Fission 3.0 Corp) of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On July 26, 2016, the Company entered into a \$10,000 promissory note with a director (Sherman Dahl) of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On July 27, 2016, the Company entered into a \$25,000 promissory note with significant shareholder (Fission 3.0 Corp) of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

On November 22 2016, the Company entered into a \$25,000 promissory note with a private company controlled by a director (Nick Demare) of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand.

1.9 PROPOSED TRANSACTIONS

There are no asset or business acquisitions or dispositions currently being proposed by the directors or senior management of the Company that will have a material effect on the financial condition, results of operations or cash flows of the Company.

1.10 SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES

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Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) Recoverability of the carrying value of the Company's exploration and evaluation assets.
- ii) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- i) *Deferred income taxes* - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.
- ii) *Share-based payments* - The fair value of share-based payment is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

1.11 NEW ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

New and amended standards adopted by the Company

The following new and amended standards have become effective for the Company's April 30, 2016 reporting period. Adoption of these standards on May 1, 2015 did not result in a significant impact on the Company's financial statements.

- Amendments to IFRS 2, Share-based Payment, clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.
- Amendments to IAS 24, Related Party Disclosures, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

New accounting standards and recent pronouncements

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2016 reporting period:

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- Amendment to IFRS 7, Financial Instruments, clarifies the applicability of the amendments to IFRS 7 Disclosure—Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.
- Amendment to IAS 34, Interim Financial Reporting, clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference. This amendment is effective for reporting periods beginning on or after January 1, 2016.
- Disclosure Initiative (Amendments to IAS 7, Statement of Cash Flows) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.
- New standard IFRS 9, Financial Instruments, Classification and Measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact the new accounting standard is expected to have on its financial statements.

1.12 FINANCIAL INSTRUMENTS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2016, the Company had a cash balance of \$21,662 (April 30, 2016 - \$19) to

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settle current liabilities of \$197,445 (April 30, 2016 - \$160,597 All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at October 31, 2016 the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

Capital Management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

1.13 OUTSTANDING SHARE INFORMATION

As at the date of this document, the following shares were issued and outstanding:

	Issued & Outstanding	Authorized
Capital stock		
Common shares	10,906,080	unlimited
Options	287,500	-
	<u>11,193,580</u>	

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1.14 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Company's management is responsible for presentation and preparation of the financial statements and the Management's Discussion and Analysis ("MD&A"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information the Company's management must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.