WINDFIRE CAPITAL CORP.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

GENERAL

Dated: April 24, 2015

The purpose of this Management Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of Windfire Capital Corp.'s (the "Company") past performance and future outlook. This report also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the Company's audited annual financial statements and notes thereto for the year ended December 31, 2014 (the "Financial Statements"). Additional information on the Company is available on SEDAR and at the Company's website, www.windfirecapital.com. All information contained in this MD&A is current as of April 24, 2015 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

On April 10, 2015, the Company consolidated its common shares on a basis of one new share for three old shares. All current and comparative references in this document to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, or market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in this MD&A (See section titled "Risk and Uncertainties").

OVERVIEW

Windfire Capital Corp. was incorporated under the Business Corporations Act (Alberta) on December 10, 2007. The Company completed its Qualifying Transaction and began trading on the TSX-V on April 18, 2011 as a Tier 2 Mining Issuer. The common shares of the Company were halted pending receipt by the TSX-V of certain required materials from the Company and until the Company could either engage a sponsor or obtain a sponsorship exemption in connection with its planned change of business. In March 2015, the Company failed to meet the continued listing requirements of a Tier 2 Mining Issuer; as such, the Company's listing was transferred to NEX under the symbol "WIF.H".

OVERALL PERFORMANCE

Administrative expenses for the year ended December 31, 2014 were $762,177 versus $385,233 in the comparative year ended December 31, 2013. The Company's higher expenses in the current year related to consulting fees of $76,893 (2013 - $48,000), financing fees of $31,360 (2013 - $nil), investor relations and marketing of $17,756 (2013 - $1,035), professional fees $129,782 (2013 - $30,087) and travel and related expenses of $39,614 (2013 - $4,554). These higher expenses were associated with the Company's planned change of business into the medical marijuana industry (See "Proposed Transaction" for further discussion regarding the Company's planned change of business). Furthermore, the Company also recognized $170,140 (2013 - $nil) in stock based compensation in connection with the grant of 333,333 incentive stock options at a price of $0.405 per share (exercisable for a five year period) in March 2014.

Net and comprehensive loss for the year ended December 31, 2014 was $777,177 versus $929,508 in the comparative year ended December 31, 2013. In the current year, the Company wrote-off an advance of $15,000 in connection with the Rosebud Productions Inc. ("Rosebud") agreement which did not proceed subsequent to year-end. The Company recorded a write-off of exploration and evaluation assets of $544,275 in the comparative year which was related to its previously held Princeton and Rooster Canyon properties. There were no impairment charges in the current year as the Company did not hold any exploration and evaluation assets.

The Company experienced a total decrease in cash of $77,335 in the current year versus a decrease of $119,835 in the comparative year. This decrease in cash was attributable to cash used in operating activities of $374,996 and $388,812 for the current and comparative year, respectively. The decrease in cash was partially offset by cash received from financing activities of $287,550 and $248,000 for the current and comparative year, respectively. Financing activities in current year related to the close of a non-brokered placement in March 2014 (for 1,466,667 shares at a price of $0.15 per share for net proceeds of $218,150, net of share issuance costs of $1,850), the exercise of 64,667 warrants for proceeds of $19,400 and a loan receipt of $50,000 from a third party. In the comparative year, the Company received net proceeds of $248,000, net of share issuance costs of $2,000 in connection with its September 2013 private placement. In addition, the Company also received $10,111 from the release of its reclamation bond during the current year while in the comparative year, the Company received $20,977 in connection with its BC mining exploration tax credit related to the Princeton Property.

As at December 31, 2014, the Company had cash of $60,635 and a working capital deficit position of $226,052. See "Liquidity, Financial Position, and Capital Resources" for further discussion.

Subsequent events:

In February 2015, the Agreement between the Company and Rosebud was terminated (See "Proposed Transaction" for further discussion).

In April 2015, the Company had 1,185,333 warrants expired unexercised.

In April 2015, the Company consolidated its common shares on a basis of one new share for three old shares

In April 2015, the Company entered into shares-for-debt agreements with directors and consultants, pursuant to which the Company will issue 506,250 of its common shares at a deemed price of $0.10 per common shares to satisfy $50,625 of outstanding debt.

In April 2015, the Company completed a private placement of 1,100,000 shares at a price of $0.05 per share for gross proceeds of $55,000.

PROPOSED TRANSACTION

The Company sought to cultivate business opportunities in the medical marijuana industry. Health Canada had announced new regulations pertaining to the Medical Marijuana Industry and these changes would result in significant growth opportunities for those companies who could obtain a license under the new Marijuana for Medical Purposes Regulations ("MMPR"). The Company hired Mr. Dean Laidlow, a consultant in the medical marijuana field, to lead a search for suitable acquisition candidates or business partners in the industry. In addition, the Company added Mr. Robert C. Harrison to its Board of Directors. Mr. Harrison's knowledge of marketing, branding and the operational side of a large scale business will strengthen and accelerate the Company's advancements in the thriving medical marijuana industry.

In May 2014, the Company entered into a non-binding letter of intent with Rosebud ("Rosebud") regarding a proposed transaction ("Transaction") whereby the Company would purchase 100% of the issued and outstanding common shares of Rosebud for an aggregate purchase price of $5,000,000 (combination of cash and securities). The Company intended for this transaction to constitute a "Change of Business" transaction for the purposes of Policy 5.2 of the TSX Venture Exchange.

In July 2014, the Company and Rosebud entered into a definitive share exchange agreement (the "Agreement"). Under the terms of the Agreement, the Company would:

(a) Pay $250,000 cash (of which $15,000 had been advanced) to Rosebud (subject to Exchange acceptance) on or before July 31, 2014 which will be used to acquire the outstanding indebtedness of Rosebud (mutually agreed to extend the first payment deadline to February 13, 2015);
(b) Pay $750,000 cash upon confirmation that Health Canada had issued its "authorization to build" the leased facility ("Facility") under the MMPR;
(c) Pay $1,000,000 cash upon issuance of a license to Rosebud by Health Canada recognizing Rosebud as a licensed producer of marijuana under MMPR; and
(d) Issue $3,000,000 worth of common shares of the Company, with the number of common shares to be issued based on the 30 day weighted average trading price of the Company's common shares immediately preceding the date which Health Canada issues a license to Rosebud under the MMPR. The common shares will be issued as to 50% on the date the license is issued from Health Canada and the balance on the one year anniversary date of the Agreement.

On February 13, 2015, the Company and Rosebud mutually agreed not to extend the Agreement as a result of current market conditions in the medical marijuana space.

In connection with the proposed transaction, the Company had entered into a letter of engagement with Wolverton Securities Ltd. (the "Agent") and planned to conduct a private placement to help fund the cash requirements of the Agreement whereby a portion of the offering would be structured as a brokered financing. Under the terms of the engagement, the Company paid the Agent a non-refundable corporate finance fee. As at December 31, 2014, the Company terminated the letter of engagement with the Agent and the non-refundable corporate finance fee of $31,360 was expensed to the statement of profit or loss.

SELECTED ANNUAL INFORMATION

The Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

	2014	***2013***	***2012***
	$	**$**	**$**
Operations:			
Revenues	-	-	-
Operating expenses	(762,177)	(385,233)	(545,782)
Net and comprehensive loss	(777,177)	(929,508)	(545,782)
Basic and diluted loss per share	(0.09)	(0.16)	(0.12)
Total assets	72,221	169,651	801,340
Total long-term liabilities	-	-	-
Dividends per share	-	-	-

As at December 31, 2014, the Company had not yet achieved profitable operation and had an accumulated deficit of $2,937,143 (2013 - $2,272,362). The net and comprehensive loss of $777,177 for the year ended December 31, 2014 (2013 - $929,508) resulted in a basic and diluted net loss per share of $0.09 (2013 - $0.16).

As at December 31, 2014, the Company has no continuing source of operating revenues. The Company has not paid any dividends on its common shares nor does it have any present intention of paying dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be used to finance future business activities.

RESULTS OF OPERATIONS

The Company has yet to generate any revenue since its inception from its planned operations and has, to date, incurred annual net losses from operating and administrative expenses.

The operating and administrative expenses for the year ended December 31, 2014 totalled $762,177 (2013 - $385,233). The table below details the significant changes in administrative expenditures for the current year versus the comparative year:

Administrative Expenses	Increase / Decrease	Explanation for Change
Consulting fees	Increase of $28,893	Increased as the Company incurred additional consulting fees related to its planned change of business.
Financing fees	Increase of $31,360	The Company paid fees to Wolverton Securities Ltd. in connection with the proposed financing related to the Rosebud letter of intent.
Investor relations and marketing	Increase of $16,721	Increased as the Company had more investor communication due to its planned change of business.
Management fee	Decrease of $5,000	Decrease as there was a one-time payment of $5,000 to management in the prior year.
Professional fees	Increase of $99,695	Increased due to higher legal fees associated with the Company's planned change of business.
Share-based compensation	Increase of $170,140	Increased as the Company granted stock options whereas none were granted in the comparative year.
Travel and related	Increase of $35,060	Increased as the Company incurred higher travel costs in connection with its planned change of business.

SUMMARY OF QUARTERLY RESULTS

Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

		Quarters Ended			
		December 31, 2014	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**
Net and comprehensive loss	($)	(133,082)	(190,392)	(178,509)	(275,194)
Loss per share basic and diluted	($)	(0.02)	(0.02)	(0.02)	(0.04)
Weighted average number of shares		8,511,785	8,511,785	8,510,203	7,275,081
		December 31, 2013	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**
Net and comprehensive loss	($)	(497,990)	(81,981)	(101,340)	(248,197)
Loss per share basic and diluted	($)	(0.07)	(0.01)	(0.02)	(0.05)
Weighted average number of shares		6,980,452	5,513,060	5,169,096	5,147,118

The variations in the losses from quarter to quarter are mainly due to the level of administrative expenses incurred by the Company and are fairly consistent from quarter to quarter with the exception of the quarters ended:

- March 31, 2014 which included share-based compensation of $170,140; and
- December 31, 2013 and March 31, 2013 as they included a write down of exploration and evaluation assets of $400,137 and $144,138, respectively.

FOURTH QUARTER

The operating and administrative expenses for the period ended December 31, 2014 totalled $118,082 (2013 - $97,853). The table below details the significant changes in administrative expenditures for the current period versus the comparative period:

Administrative Expenses	Increase / Decrease	Explanation for Change
Consulting fees	Increase of $17,643	Increased as the Company incurred additional consulting fees related to its planned change of business.
Professional fees	Increase of $14,542	Increased due to higher legal fees associated with the Company's planned change of business.

During the period ended December 31, 2014, cash slightly increased by $325 from the prior period that resulted from the release of the Company's reclamation bond which was offset by changes to non-cash operating working capital items.

LIQUIDITY, FINANCIAL POSITION, AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares and the exercise of warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's liquidity and capital resources as at the following dates are as follows:

	December 31, 2014	December 31, 2013
	$	$
Cash	60,635	137,970
Receivables	7,635	15,872
Prepaid expenses and deposits	3,825	5,518
Total current assets	72,095	159,360
Accounts payable and accrued liabilities	248,147	26,090
Loan payable	50,000	-
Working capital (deficiency)	(226,052)	133,270

As at December 31, 2014, the Company had cash of $60,635 (2013 - $137,970) consisting primarily of the net proceeds from the March 2014 financing. As at December 31, 2014, the Company had a working capital deficiency of $226,052 (2013 – working capital surplus of $133,270).

During the year ended December 31, 2014, the Company closed a non-brokered placement (in March 2014) of 1,466,667 shares at $0.15 per share for net proceeds of $218,150 and received proceeds of $19,400 in connection with the exercise of 64,667 warrants at $0.30 per unit. In addition, the Company also received a $50,000 unsecured and non-interest bearing loan. However, the Company experienced an overall decrease in cash during the year as a result of cash used from operating activities which exceeded the cash inflow received from the financing activities described above.

Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from exercise of options and warrants, and further private placements.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. See "Risks and Uncertainties".

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

During the year ended December 31, 2014, the Company entered into the following transactions with related parties:

i. Incurred $72,000 (2013 - $72,000) in management fees to a company controlled by Brian Morrison, a director and Chief Financial Officer of the Company. As at December 31, 2014, $18,900 (2013 - $nil) was included in accounts payable and accrued liabilities owing to his company and $2,144 (2013 - $1,287) was included in accounts payable and accrued liabilities owing to Mr. Morrison.
ii. Incurred $120,000 (2013 - $125,000) in management fees to Clive Massey, a director and Chief Executive Officer of the Company.
iii. Paid or incurred $5,000 (2013 - $nil) in rent and $9,000 (2013 - $nil) of administrative services to Redhill Resources Corp., a public company with a common director with the Company.
iv. Invoiced $13,500 (2013 - $nil) relating to the recovery of rent to Letho Resources Corp., a public company with common directors with the Company.

Summary of key management personnel compensation:

	For the year ended December 31,	
	2014	2013
	$	$
Management fees	**192,000**	197,000
Share-based compensation	**127,605**	-
	319,605	197,000

RISKS & UNCERTAINTIES

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Additional Financing

In order to execute the current business objectives, the Company will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to the capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources, manufacturing and marketing experience. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

No Operating History

The Company and has not commenced commercial operations since incorporation to date. The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based compensation, and recognition of deferred tax amounts.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Critical judgments exercised in apply accounting policies that have the most significant effects on the amounts recognized in the financial statements are as follows:

i) Determination of categories of financial assets and financial liabilities;
ii) Assessment of the carrying value of the Company's exploration and evaluation assets for indicators of impairment; and
iii) Assessment of the going concern assumption.

CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Company

The application of these amendments and standards had no material impact on current and prior year disclosures but may affect disclosures for future transactions.

- Amendments to IAS 32 - Financial Instruments: Presentation provides clarification on the application of offsetting rules. This standard is effective for annual periods beginning on or after January 1, 2014.
- Amendments to IAS 36 – Impairment of Assets clarifies the recoverable amount disclosures for non-financial assets, including additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount was based on fair value less costs of disposal. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2014.

Accounting pronouncements not yet adopted

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018, with early adopted permitted. The Company does not expect any effect on the Company's financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and loan payable approximate their carrying values. The Company's cash is measured at fair value using level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is exposed to liquidity risk as it does not have a sufficient cash balance to settle current liabilities. As such, management plans to meet its financial obligations through proceeds from the exercise of options and warrants, and further private placements as necessary.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk:
The Company's operations and financing activities are conducted in Canadian dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to meet its exploration commitments. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the Exchange.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's overall strategy remains unchanged from 2013.

The Company is not subject to any externally imposed capital requirements.

DISCLOSURE DATA FOR OUTSTANDING COMMON SHARES, OPTIONS AND WARRANTS

On April 10, 2015, the Company consolidated its common shares on a basis of one new share for three old shares. All current and comparative references in this document to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation, unless otherwise indicated.

The Company has one class of common shares. Below is a summary of the outstanding capital of the Company as at December 31, 2014 and the date of this report:

	As at December 31, 2014	As at April 24, 2015
Common shares	8,511,785	10,118,035
Stock options	590,000	590,000
Share purchase warrants	2,002,000	816,667

Stock Options

The Company has issued incentive options to certain directors, employees, officers, and consultants of the Company. As of the date of this report, the following options are outstanding and exercisable:

Options outstanding	Exercise price	Options exercisable	Expiry date
	$		
75,000	0.30	75,000	April 5, 2016
45,000	0.66	45,000	May 2, 2016
20,000	0.84	20,000	June 15, 2016
66,667	1.35	66,667	August 22, 2016
50,000	0.54	50,000	May 23, 2017
333,333	0.405	333,333	March 21, 2019

Warrants

As at the date of this report, the following warrants are outstanding:

Warrants outstanding	Exercise price	Expiry date
	$	
816,667	0.30	September 18, 2015

Escrow shares

As at December 31, 2014, the Company has nil (2013 – 87,500) shares subject to escrow pursuant to the requirements of the TSX-V, which had been released in six month increments until April 15, 2014.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;
- the Company's audited financial statements for the year ended December 31, 2014.

This MD&A was approved by the Board of Directors of Windfire Capital Corp. effective April 24, 2015.