

**KRAMER CAPITAL CORP.**  
**INTERIM MD&A – QUARTERLY HIGHLIGHTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2016**

**Background**

This Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) of for Kramer Capital Corp. (“Kramer” or the “Company”) is prepared as at July 20, 2016 and should be read in conjunction with the Company’s unaudited condensed interim financial statements for the six months ended June 30, 2016 and in conjunction with its audited financial statements as at December 31, 2015 and for the year then ended.

The unaudited condensed interim financial statements for the six months ended June 30, 2016, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard (“IFRS”) and with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”).

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company is a Capital Pool Corporation (a “CPC”), defined by Policy 2.4 of the TSX-Venture Exchange (“TSX-V”). As a CPC, the Company’s immediate objective is to identify and acquire either operating assets or a business, subject to shareholders’ approval, that meet the criteria of a Qualifying Transaction, as defined by the TSX-V (“Qualifying Transaction”). Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4.

As of the date of these Quarterly Highlights, the Company is not investigating a known potential Qualifying Transaction.

**Forward-Looking Statements**

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company completing a Qualifying Transaction, and its ability to raise sufficient capital for short-term operations and to fund a Qualifying Transaction. Readers are cautioned not to place undue reliance on these forward-looking statements.

## **Analysis of the Company's Financial Performance and Condition**

The Company incurred a loss of \$23,136 (\$0.01 per share) and \$33,305 (\$0.02 per share) for three months and six months ended June 30, 2016 compared with a loss of \$6,274 (\$0.00 per share) and \$15,456 (\$0.01 per share) for the same period of 2015. The primary reason for the increased net losses for both the three and six-month periods in 2016 was a \$17,490 charge for stock-based compensation incurred on the issuance of 150,000 fully-vested stock options to directors and officers in May 2016. These options were issued to replace 150,000 previously outstanding options that expired in May 2016. No stock-based compensation expense was incurred in 2015.

Other expenses incurred in the three and six months ended June 30, 2016, which included general office costs, TSX-Venture listing and filing fees, were consistent with previous quarters and the three and six months ended June 30, 2015.

As at June 30, 2016, the Company had cash of \$29,507 and liabilities of \$1,579. During the six months ended June 30, 2016, the Company spent \$21,301 on general and administrative costs, TSX-Venture listing fees and transfer agent fees incurred in the period as well as for the settlement of amounts accrued in previous periods.

## **Liquidity and Changes to Expense Structure**

As a CPC, the Company's routine expenses are limited to general administrative costs such as TSX-V listing and filing fees, audit fees and accounting fees. When the Company has identified a potential Qualifying Transaction, additional legal or other transaction-related costs may be incurred, regardless of whether or not the transaction is ultimately completed. In light of current volatile financial markets, particularly in the resources sector, it is uncertain as to when a Qualifying Transaction can be completed. The Company's current cash balance will be sufficient to maintain routine on-going operations for the next 12 months, but additional funding will be required beyond 12 months or to pursue a potential Qualifying transaction, should one arise.

## **Related Party Transactions**

The Company is party to a corporate service agreement with Earlston Management Corp. ("Earlston"), a company related by virtue of providing key management services to the Company. Under the terms of the agreement, the Company pays Earlston a fee of \$1,000 per month. Earlston is also reimbursed for all reasonable expenses incurred in the performance of its services. During the six months ended June 30, 2016, the Company incurred \$6,300 (2015 - \$6,300) of such costs with Earlston and, as at June 30, 2016, \$1,068 (December 31, 2015 - \$1,066) was owing to this company and included in accounts payable and accrued liabilities.