KRAMER CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Background

This management discussion and analysis ("MD&A") of financial position and results of operations for Kramer Capital Corp. ("Kramer" or the "Company") is prepared as at February 23, 2017 and should be read in conjunction with the Company's audited financial statements as at December 31, 2016 and for the year then ended, and the related notes. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

Kramer is a Capital Pool Company ("CPC") under the TSX Venture Exchange ("TSX-V") Policy 2.4. 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.

The Company's shares trade on the NEX board of the TSX-V under the symbol "KRM.H".

Potential Qualifying Transaction

On February 8, 2017, the Company entered into a letter of intent with 1082138 B.C. Ltd ("BC"), pursuant to which it is anticipated that the Company would acquire all shares in BC in exchange for 34,020,000 common shares, 10,238,500 warrants and 250,000 options in Kramer (the "Transaction").

Upon completion of the Transaction, the resulting issuer will be engaged in the business of mineral exploration and development of the Mon gold property (the "Mon Property"). The Mon Property is located in the Northwest Territories and BC currently holds the right to earn an 80% interest in it by spending $6,000,000 on exploration and development over a three-year period and by putting it into production by December 31, 2019.

Concurrent with the closing of the Transaction, BC shall arrange for a non-brokered private placement by Kramer for between $1,000,000 and $2,500,000 (the "Kramer Financing").

It is anticipated that the Transaction would meet the requirements of a Qualifying Transaction, but its completion is subject to, among other items, TSX-V approval, positive due diligence findings by both the Company and BC, and the success of the Kramer Financing.

Forward-Looking Statements

Certain statements contained in the following MD&A 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 identifying an appropriate Qualifying Transaction, including the Transaction, and its ability to raise sufficient capital for short-term operations and to fund a Qualifying Transaction, including the Kramer Financing. These risks are discussed further under the section "Risks and Uncertainties", herein. Readers are cautioned not to place undue reliance on these forward-looking statements.

Selected Annual Financial Data

	Fiscal Year Ended December 31,		
	2016 ($)	2015 ($)	2014 ($)
Financial Position:			
Total assets	15,608	50,808	89,978
Total long-term liabilities	-	-	-
Total shareholders' equity	5,840	43,743	79,673
Operations:			
Net loss for the year	(55,393)	(35,930)	(40,767)
Basic and diluted loss per share	(0.03)	(0.02)	(0.02)

Results of Operations

The Company reported a loss of $55,393 for the year ended December 31, 2016 compared to a loss of $35,930 for the year ended December 31, 2015. The increased net loss is owing to a $17,490 share-based compensation expense for stock options that were granted to directors of the Company in May 2016. No share-based compensation was reported in 2015, and because the options granted in 2016 are fully-vested, no additional expense for these options will be reported in future periods.

All other expenses for the year ended December 31, 2016 were comparable with 2015, reflecting a minimal level of operating activity. Significant components of these other expenses include $14,846 (2015 - $14,089) for transfer agent and TSX-V listing and filing fees, $12,600 (2015 - $12,600) for office administration and facilities paid to a related party, and $9,394 (2015 - $8,319) for professional fees incurred for audit and legal services.

Fourth Quarter Results:

The Company recorded a loss of $11,913 for the three months ended December 31, 2016 compared to a loss of $11,493 for the three months ended December 31, 2015. In the three months ended December 31, 2016, significant expenses included $6,000 (2015 - $6,000) for year-end audit fees, $3,150 (2015 - $3,150) for office facilities and administrative services, and $2,625 (2015 – $1,809) for transfer agent, listing and filing fees. With the exception of the expense for audit fees, which are accrued entirely in the fourth quarter of each year, the costs incurred in the three months ended December 31, 2016 are consistent with previous quarters and reflect the minimum level of expenses required to operate as a publicly-listed entity.

Quarterly Information

	Operating expenses and net loss (1)	Basic & diluted loss per share
Q4 – December 31, 2016	$(11,914)	($0.01)
Q3 – September 30, 2016	$(10,174)	($0.01)
Q2 – June 30, 2016 (2)	$(23,136)	($0.01)
Q1 – March 31, 2016	$(10,169)	($0.01)
Q4 – December 31, 2015	$(11,493)	($0.01)
Q3 – September 30, 2015	$(8,981)	($0.01)
Q2 – June 30, 2015	$(6,274)	($0.00)
Q1 – March 31, 2015	$(9,182)	($0.01)

Explanatory Notes:

(1) As the Company has no sources of revenues, net losses incurred during recent fiscal quarters are largely a result of office administration and facility expenses incurred for the day-to-day accounting and administration of the Company, as well as quarterly NEX listing fees. Such expenses are consistent for each quarter, although additional expenses for the Company's annual audit and costs associated for the Company's Annual General Meeting will increase the net loss. Such additional costs are typically incurred during the first and fourth quarters.

(2) In May 2016, the Company granted stock options to directors and incurred a related $17,490 share-based compensation expense, resulting in an increased net loss for the quarter ended June 30, 2016. The options were fully-vested on grant, so no related expense was incurred in other reported periods.

Financial Condition including Cash Flows, Liquidity and Capital Resources

At December 31, 2016, the Company's working capital was $5,840 (December 31, 2015 - $43,743) and its cash balance was $15,608 (December 31, 2015 - $50,808). The decrease of cash and working capital in current year is due to operation costs incurred without any cash inflows during 2016.

Should the Transaction and related Kramer Financing discussed under "Potential Qualifying Transaction," herein, not be completed, the Company will require additional funding in the next

12 months to meet its on-going operating and regulatory obligations and to pay its existing obligations in addition to any funding required to fulfil its corporate objective of completing a Qualifying Transaction. It is expected that such funding will come from an equity issuance, but there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, these material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Except for accounts payable and accrued liabilities, the Company has no outstanding commitments, has not pledged any of its assets as security for loans, and is not subject to any debt covenants.

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 (plus sales taxes) per month for accounting and administrative services and reimburses Earlston for all reasonable expenses incurred in the performance of its services. During the year ended December 31, 2016, the Company incurred $12,600 (2015 - $12,600) of such costs with Earlston and, as at December 31, 2016, $3,198 (2015 - $1,066) was owing to this company and included in accounts payable and accrued liabilities.

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the year ended December 31, 2016, the company granted a total of 150,000 stock options with a fair value of $17,490 to directors of the Company (see note 5). There was no cash compensation paid to key management during the years ended December 31, 2016 or 2015, and no stock options were granted in 2015.

Outstanding Share Data

As at the date of the MD&A, the following securities were outstanding:

1,775,000	Common shares
150,000	Stock options, exercisable into 150,000 common shares.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Risk Management

As at December 31, 2016, the Company’s financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2016, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2016, the Company had a cash balance of $15,608 to settle current liabilities of $9,768. All of the Company’s financial liabilities have contractual maturities of 30 days or are due on demand and subject to normal trade terms.

While the Company has sufficient cash to settle existing liabilities, it will require additional funding to meet on-going operating expenses in the next 12 months as well as for any costs incurred in connection with a Qualifying Transaction, such as that discussed under “Potential Qualifying Transaction,” herein. Further funding will be required to meet long-term requirements.

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 equity prices.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

Capital Management

Capital comprises the Company's shareholders' equity and any debt outstanding. As at December 31, 2016, the Company's shareholders' equity was $5,840 and it had current liabilities of $9,768.

The Company's objective when managing capital is to maintain sufficient funding to pay its existing liabilities, to fund its short-term operating requirements as a publicly-traded entity and to fund any due diligence, legal, TSX-V and other costs incurred in connection with a potential Qualifying Transaction. While the Company has maintained sufficient capital to meet these requirements in the past, it will require additional capital, likely through the issuance of equity, in order to meet its capital management objective in the future.

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

Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 of its audited financial statements for the year ended December 31, 2016.

Accounting Standards and Interpretations Issued but Not Yet Effective

The following new accounting standards and interpretations have been published, but have not been applied in the preparation of the Company's financial statements for the year ended December 31, 2016:

IAS 7, Statement of Cash Flows

Amendments to IAS 7 require disclosures that enable financial statement users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after January 1, 2017.

IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

The eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

Risks and Uncertainties

Notwithstanding the Transaction discussed under "Potential Qualifying Transaction", herein, the Company has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

There can be no assurances that the Company will continue to be able to obtain necessary financing in the future or that the terms of such financing will be favourable. The Company's success depends to a certain degree upon key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

Corporate Governance

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies while tailored to its size and operations to ensure transparency and accountability to shareholders. The current Board is comprised of three individuals, one of whom is an executive officer of the Company. The Audit Committee is comprised of all three directors of the Board.