

BRASSNECK CAPITAL CORP.
(also referred to as “Brassneck” or the “Corporation”)

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2016**

The following discussion and analysis should be read in conjunction with the June 30, 2016 unaudited condensed interim financial statements, the December 31, 2015 audited financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and the December 31, 2015 Management’s Discussion and Analysis. Additional information regarding the Corporation is available on SEDAR at www.sedar.com. The financial statements and financial data contained in this discussion and analysis is presented in accordance with IFRS.

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

DATE

This MD&A is dated August 26, 2016 and is in respect of the three and six month periods ended June 30, 2016. The discussion in this management's discussion and analysis focuses on these periods.

FORWARD LOOKING INFORMATION

The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Corporation’s results of operations and financial conditions. Certain statements herein contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on our operations, forecasts, and projections. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results may differ materially from those anticipated in these forward-looking statements. The risks include those outlined under the “Risk Factors and Uncertainties” section of this MD&A and elsewhere in the Corporation’s public disclosure documents.

DESCRIPTION OF BRASSNECK’S BUSINESS AND OVERALL PERFORMANCE

Brassneck was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on June 18, 2015. The Corporation is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the “Exchange”). The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation’s shares from trading.

On March 10, 2016 the Corporation completed its initial public offering of 2,739,000 common shares in the capital of the Corporation at a price of \$0.10 per share for gross proceeds of \$273,900 (the “Offering”). After completion of the Offering, the Corporation now has 6,939,000 common shares issued and outstanding. PI Financial Corp. (“PI Financial”) acted as the agent for the Offering and in connection therewith, the Corporation granted to PI Financial along with certain sub-agents, options to acquire an aggregate of 273,900 common shares (the “Agent’s Options”) at an exercise price of \$0.10 per share. The Agent’s Options expire on March 15, 2018, which is 24 months from the date the common shares are listed on the Exchange. PI Financial also received a cash commission equal to 10% of the gross proceeds of the Offering.

Concurrent with the closing of the Offering, the Corporation also granted options to acquire an aggregate of 575,937 common shares at an exercise price of \$0.10 per share to the directors and officers of the Corporation, which expire 10 years from the date of grant.

The Corporation's common shares commenced trading on the Exchange on March 15, 2016, under the trading symbol "BC.P".

SELECTED FINANCIAL INFORMATION

The Corporation was incorporated on June 18, 2015 and was not yet a "Reporting Issuer" pursuant to applicable securities legislation until December 21, 2015, the date of the final receipt for the Prospectus as issued by the Alberta, British Columbia and Ontario Securities Commissions, thereby becoming a "Reporting Issuer" in each of the provinces of Alberta, British Columbia and Ontario.

The following table is a summary of selected annual financial information (in Canadian dollars) derived from the Corporation's audited financial statements prepared in accordance with International Financial Reporting Standards:

| | December 31, 2015 ⁽¹⁾ |
|---|-------------------------------------|
| | \$ |
| Total Assets | 337,871 |
| Total Liabilities | 35,222 |
| Revenues | -- |
| Net loss and comprehensive loss for the period | 12,351 |
| Basic and diluted net loss per share for the period | 0.014 |
| Weighted average number outstanding | 899,490 |

(1) For the period from incorporation on June 18, 2015 to December 31, 2015

For the six month period ended June 30, 2016 the Corporation reported no discontinued operations and declared no cash dividends.

The quarterly financial information follows:

| | June 30, 2016 | March 31, 2016 |
|------------------------------------|------------------|-------------------|
| | \$ | \$ |
| Total Revenue | - | - |
| Net Loss | 6,571 | 46,012 |
| Loss Per Share – Basic and Diluted | 0.001 | 0.017 |
| Total Assets | 455,747 | 472,987 |
| Total Liabilities | 6,286 | 16,955 |

Variances in net loss by quarter will reflect overall corporate activity and factors which do not recur each quarter, such as interest income on fluctuating cash balances, professional and regulatory fees related to evaluation of qualifying transactions.

RESULTS OF OPERATIONS

During the three and six month periods ended June 30, 2016 the Corporation incurred a loss of \$6,571 and \$52,583, respectively. The loss for the three month period primarily relates to professional fees for accounting services and legal costs in connection with the evaluation of potential qualifying transactions. In addition to the professional fees related to accounting and legal qualifying transaction evaluation costs, the loss for the six month period primarily relates to share based payment expense. The share based payment expense relates to the issuance and vesting of options to the directors and officers and the Agent related to the Offering in March.

OUTSTANDING SHARE DATA

Common Shares

As at June 30, 2016 and the date of this MD&A, the Corporation had 6,939,000 common shares issued and outstanding.

Pursuant to an escrow agreement dated as of December 18, 2015 among the Corporation, Equity Financial Trust Company and certain shareholders of the Corporation, 2,150,000 common shares, being issued and outstanding common shares prior to the completion of the Public Offering, have been deposited in escrow. Upon the Corporation completing a qualifying transaction, as defined in Policy 2.4 of the Exchange, common shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of the Exchange announcing final acceptance of the qualifying transaction (the "Initial Release") and an additional 15% shall be released every six months commencing six months following the Initial Release.

Options

As at June 30, 2016 and the date of this MD&A, the Corporation had 849,837 stock options outstanding with an exercise price of \$0.10 per share comprising of 575,937 options to directors and officers and 273,900 Agent Options.

LIQUIDITY AND CAPITAL RESOURCES

During the three month period ended March 31, 2016 the Corporation completed its initial public offering that resulted in gross proceeds of \$273,900 and the issuance of 2,739,000 common shares at \$0.10 per share.

As at June 30, 2016, the Corporation had net working capital of \$449,461 comprised of cash and cash equivalents less accounts payable and accrued liabilities, which management considers to be sufficient for the Corporation to meet its ongoing obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Fair Value

The carrying amount of cash and cash equivalents, and accounts payable and accrued liabilities approximates

their fair value due to their short term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of 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 for the asset or liability that are not based on observable market data.

The Corporation's cash and cash equivalents are the only financial assets or liabilities measured using fair value. Cash and cash equivalents are categorized as Level 1 since there are quoted prices in an active market for the instruments.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. The cash is currently being held in a solicitor's trust account and a high quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Interest rate risk

The Corporation maintains cash and fixed rate guaranteed interest certificates ("GIC's") at its banking institution and therefore does not believe interest rate risk to be significant.

CRITICAL ACCOUNTING ESTIMATES

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Corporation's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

RISK FACTORS AND UNCERTAINTIES

The business risk factors applicable to the Corporation have not materially changed since December 31, 2015. Please refer to the “Risks Factors and Uncertainties” section of the MD&A in the Corporation’s annual December 31, 2015 MD&A.

CAPITAL RISK MANAGEMENT

The Corporation’s capital currently consists of common shares. The Corporation defines capital as total equity which was \$449,461 at June 30, 2016. Its principal source of cash is from the issuance of common shares. The Corporation’s capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a qualifying transaction.

OUTLOOK

The Corporation continues to work towards identifying and then completing a qualifying transaction.

OTHER INFORMATION

The policies of the Exchange prohibit CPC’s from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the directors of the Corporation. Additional information about the Corporation is available on SEDAR at www.sedar.com.