

WESTERN PACIFIC TRUST COMPANY

Management's Discussion and Analysis of
Results of Operations and Financial Position
For the nine months ended September 30, 2017
(Expressed in Canadian Dollars)

The following is management's discussion and analysis ("MD&A"), dated as of November 22, 2017, of the interim consolidated financial condition and results of operations of Western Pacific Trust Company and its wholly-owned subsidiaries WP Private Equity Transfers Inc. ("WPPET"), WP Private Health Inc. ("WPPH"), and 1128668 BC Ltd. (collectively "WPTC" or the "Company") for the nine months ended September 30, 2017. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and the notes thereto for the nine months ended September 30, 2017 (the "Financial Statements").

Basis of Presentation

The Company's condensed interim consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The IASB continues to amend and add to current IFRS standards and interpretations. As of the date of this MD&A, none of the new IFRS that have been recently issued have any significant impact on the September 30, 2017 condensed interim consolidated financial statements.

Forward Looking Statements

This MD&A contains certain forward-looking statements. All statements, included herein, other than statements of historical fact, including without limitation statements regarding the future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will provide accurate information, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time-to-time with the regulatory authorities and on www.SEDAR.com. Additional information with respect to the Company can be obtained from the Company's website at www.westernpacifictrust.com.

Overview

Western Pacific Trust Company is a non-deposit taking financial corporation which is licensed under the **Financial Institutions Act ("FIA")** in British Columbia as a Trust Company. WPTC is also registered extra-provincially in Alberta as a non-deposit taking Trust Company.

Self-Administered Plans

WPTC Self-Administered Plans permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. WPTC also offers self-administered Tax-Free Savings Accounts ("TFSA's"), self-administered Registered Retirement Income Funds ("RRIFs"), and self-administered Locked-In Retirement Accounts ("LIRAs"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for Registered Retirement Savings Plan ("RRSP") and all other self-administered accounts include, but are not limited to, securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

Trust Services

As part of its trust services, WPTC offers strategic counsel, organizational assistance and consults with clients' legal advisors in the establishment and administration of various forms of trusts, an effective vehicle and flexible tool for present and future management of assets.

Client Consulting Services

The Company provides a range of Accounting, Administrative and Corporate Secretarial services to select clients on a fee-for-service basis.

Transfer Agency Services

The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

Collateral Agency Service

The Company acts as Collateral Agent for a certain client in the conduct of its bond business. The wholly owned subsidiary, 1128668 BC Ltd., will be maintained solely for the purpose of offering this service to this one client. The costs of the annual maintenance of this subsidiary will be absorbed by the client, pursuant to the contract between the parties.

Results of Operations

The following selected consolidated financial data for the most recently completed calendar quarter should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the respective periods.

	Nine months ended September 30		
	2017	2016	2015
Total revenue	\$ 633,776	\$ 554,657	\$ 524,465
Total general and administrative expenses	620,454	602,377	549,530
Net income (loss) before amortization, finance expense and share-based payments	13,322	(47,720)	(25,065)
Amortization	(7,623)	(9,430)	(8,354)
Finance expense	(5,063)	(10,638)	(8,910)
Amortization of deferred gain on subordinated loans	1,182	-	-
Share-based payments	(6,207)	(19,685)	-
Net loss	\$ (4,389)	\$ (87,473)	\$ (42,329)
Loss per share (basic and diluted)	\$ (0.0021)	\$ (0.0051)	\$ (0.0023)

Net income (loss) before amortization, finance expense and share-based payments is a non-GAAP financial measure which has no standard meaning under IFRS. Management is of the opinion that certain investors use this information, in addition to more conventional measures prepared in accordance with IFRS, to evaluate the Company's performance and ability to generate liquidity through operating cash flows.

Results of Operations During the Nine Months Ended September 30, 2017

Revenues

The Company recorded an increase in self-administered plans revenue of \$74,345, or 15.4%, in fees received compared to the same period in 2016. Trust services fee income also increased by \$6,126, or 61.2%, compared to the first nine months of 2016. Interest income maintained approximately the same level for the same period of 2016, with an increase of \$320. The increase in fee income is offset by a decrease in consulting income for the period of \$1,672.

Expenses

Total general and administrative expenses increased by \$18,077 compared to the first nine months of 2016. This was primarily due to the fees paid to the Company's Business Development contractor, as well as an increase of salary and benefits in the third quarter.

The decrease in finance expense of \$5,575 is due to the repayment in 2016 of all interest-bearing subordinated loans, which reduced the interest costs paid in the current period compared to the same period last year.

The share-based payments expense is the accrued fair value of the remainder of the unvested options that were granted on November 19, 2015. The decrease is due to the 2/3 of the options that have already vested as at December 31, 2016.

Summary of Quarterly Results

The following is selected financial information for the last eight quarters. The Company's condensed interim consolidated financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's functional and reporting currency is the Canadian dollar.

Quarter ended		Total revenue \$	Net income (loss) and comprehensive loss \$	Net income (loss) per share (basic and diluted) \$	Total assets \$
Q3/17	September 30, 2017	178,880	(34,600)	(0.002)	1,189,995
Q2/17	June 30, 2017	196,131	(16,886)	(0.001)	1,193,462
Q1/17	March 31, 2017	258,765	47,097	0.001	1,273,755
Q4/16	December 31, 2016	155,997	(47,780)	(0.003)	1,215,565
Q3/16	September 30, 2016	168,533	(29,286)	(0.002)	1,252,834
Q2/16	June 30, 2016	152,454	(80,021)	(0.004)	1,281,555
Q1/16	March 31, 2016	233,670	21,832	0.001	1,267,568
Q4/15	December 31, 2015	159,557	(83,548)	(0.004)	1,097,619

Revenues and Net Income/Loss for each quarter

The fluctuations in total revenue from quarter to quarter are due primarily to the variations in revenue from self-administered plans.

Total revenue decreased for the third quarter compared to the second quarter of 2017, due to the seasonal fluctuation in self-administered plan revenue from the second to third quarter. The loss for the nine month period ended September 30, 2017 also reflects increased expenses, primarily for business development, salaries and benefits.

Total revenue decreased for the second quarter compared to the first quarter of 2017, due to the seasonal fluctuation in self-administered plan revenue from the first to second quarter. The decrease in total assets for the second quarter of 2017 is due to the decrease in cash as a result of cash used for payments of accounts payable and dividends during the quarter.

Total revenue and net income both increased for the first quarter of 2017 due to the increase in self-administered plan business prior to the annual contribution deadline of March 1, 2017. The increase in total assets for the first quarter of 2017 is due to the increase in cash, accounts receivable and deposit held with credit card merchant as a result of the increase in income from operations.

Significant variances in previous quarters are discussed as follows:

Total revenue decreased for the last quarter of 2016 compared to the third quarter of 2016 due a lower than average number of self-administered plans opened by clients during the three month period. The increase in the net loss for the last quarter of 2016 compared to the third quarter of 2016 is due to the decrease in self-administered revenue, and increased expenses, primarily for the update of the Company's website.

The decrease in total assets for the third and last quarter in 2016 is due to the loss from operations, and dividends paid on Series I and Series II preferred shares.

The increase in total assets for the second quarter of 2016 is due to additional proceeds of \$196,000 from the April 2016 closing of the second tranche of the Company's private placement of Series II preferred shares (gross proceeds for the private placement - \$692,000), offset by the repayment of \$50,000 subordinated debt; \$7,719 dividends paid on Series I preferred shares; \$8,551 dividends paid on Series II preferred shares; and a loss from operations.

The increase in total assets during the first quarter in 2016 is due to the closing of the first tranche of the Company's private placement for Series II preferred shares with gross proceeds of \$496,000 offset by the repayment of subordinated loans of \$310,500 and \$8,089 of dividends paid on Series I preferred shares.

Outlook

Self-Administered Plans

Trustee services for Self-Administered Plans are required for any issuer wishing to offer RRSP or TFSA eligible products, either directly or through an Exempt Market Dealer ("EMD"), as well as investors wishing to purchase an exempt market security into an RRSP or TFSA. Such investments include, but are not limited to, private Mutual Fund Trusts, eligible Canadian Controlled Private Corporations, Venture Capital Corporations, and arm's length mortgages.

The Annual trustee fees earned from each plan build year-over-year for the life of the plan, creating a continuing revenue base for each succeeding year. Transactional fees earned on new accounts increase in proportion to the numbers of plans opened, in addition to transaction fees generated for new purchases in existing accounts.

The first nine months of 2017 saw a 14.3% increase in total revenue, and an increase of 3.0% in general and administrative expenses over the same period in 2016. This resulted in a net loss for the nine months ended September 30, 2017 of \$4,389, compared to a loss of \$87,473 for the same period in 2016.

Western Pacific Trust Company is steadily gaining increased recognition in the private capital markets as a trustee for self-administered plans holding qualified investments. While the Company certainly offers competitive pricing, it is the commitment to offering knowledgeable and responsive service delivered on a consistent basis which distinguishes our company in the market place.

Client Consulting Services

The Company continues to offer a range of administrative and accounting services offered to select clients.

Transfer Agency Services

The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the Company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

Private Health Plans

Through its wholly-owned subsidiary, WP Private Health Inc., the Company offers private health care plans for small business owners. Not insurance, rather a tax planning tool, these plans help clients who own small corporations save taxes, and reduce the after tax cost of health care for themselves and their families.

Collateral Agent Service

Through wholly-owned subsidiary 1128668 BC Ltd., the Company provides Collateral Agent services to a unique client in the conduct of its bond business.

Liquidity

Western Pacific Trust Company - Capital Adequacy

As a trust company, the Company is governed by the Financial Institutions Commission pursuant to the *Financial Institutions Act* (British Columbia). The Company is required to submit to the Financial Institutions Commission, on a monthly basis, within 30 days of each month end, a "British Columbia Trust Company Quarterly Financial Return" in which a Capital Adequacy calculation is required to set forth the Primary Capital (Shares, Retained Earnings and Reserves) and the Secondary Capital (Subordinated Debt and

Other equity investments) to arrive at the Company's Capital Base. The Required Capital Base is calculated as 0.5% of the Assets Held in Trust.

As at September 30, 2017, the Company had a calculated Capital Base in excess of the Required Capital Base.

In October 2017, the Company entered into a five-year lease for premises located in Vancouver, British Columbia. Under the terms of the lease, the Company is responsible for basic rent plus operating costs and property taxes commencing March 1, 2018. The Company's commitment for minimum rental payments, calculated based on basic rent is \$5,118 per month for the first two years, \$5,340 per month for the third year and \$5,563 per month for the fourth and fifth years. The operating costs, which are calculated each year are expected to increase by 4% for each year.

Capital Resources

As at September 30, 2017, the Company had working capital of \$881,946 (December 31, 2016 - \$931,536) available to fund its operations.

As at September 30, 2017, the Company had subordinated debt outstanding in the aggregate amount of \$81,527 owned to two unrelated parties in the amounts of \$11,527 and \$70,000. These subordinated loans bear no interest.

Off-Balance Sheet Arrangements

Other than Self-Administered Plan revenues beyond the reporting period, the Company does not have any off balance sheet items that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions with Related Parties

Pursuant to the requirements of the Financial Institutions Act, WPTC's Conduct Review Committee is required to approve all related party transactions of the Company and report same to the Directors at meetings of the Board, which are held quarterly.

Management personnel includes directors and officers of the Company. Management salaries include compensation and benefits paid to directors, officers and consultants of the Company in the normal course of business. Share-based payments consists of stock option issuances.

The following transactions with related parties for the quarters ended September 30, 2017 and 2016 were in the normal course of operations and were measured at the fair value of the services provided:

	Nine months ended	
	September 30, 2017	September 30, 2016
Management salaries	\$ 84,552	\$ 79,461
Directors' fees	29,500	30,500
Consulting fees paid to companies controlled by directors	59,000	63,500
Professional fees for consultant	34,781	51,294
Share-based payments	5,066	14,709
Total compensation	\$ 212,899	\$ 239,464

Financial Instruments

As at September 30, 2017, the Company had not entered into any derivative financial instruments as a method of managing market risks associated with interest rates and foreign exchange fluctuations. Note 4 to the unaudited condensed interim consolidated financial statements include a discussion of the Company's financial instruments and the related risks.

Risks and Uncertainties

Dependence on major clients

Plans opened for the Company's three largest issuer clients comprise a significant percentage of total revenues. Although these issuers are large entities, any disruption in the Company's relationships with these major clients or any decrease in revenue from them, could have an adverse effect on the Company.

Tax laws

The tax laws in Canada and abroad are continually changing.

Dependence on key personnel

Loss of certain members of the executive team or key management members of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

Outstanding Share Information

As at the date of this report there are 25,018,558 Common shares, 61,750 Series I Preferred shares and 69,200 Series II Preferred shares are issued and outstanding. The terms of the preferred shares are described in the unaudited condensed interim consolidated financial statements.

Share Purchase Options

A total of 5,003,711 Common Shares are reserved for issuance under the Company's Stock Option Plan (the "Plan").

As at the date of this report, there are a total 2,725,000 shares under option, and 2,278,711 shares reserved and available for issuance under the Plan.

Of the 2,725,000 outstanding options, 1,909,970 are fully vested, exercisable at a price of \$0.10 per share until expiry November 26, 2022. Of the 815,030 options granted on November 19, 2015, 543,354 are currently vested and exercisable at a price of \$0.07 per share until expiry November 18, 2022, while the balance of 271,676 will vest on December 31, 2017, and will be exercisable at a price of \$0.07 per share until expiry November 18, 2022.

Proposed Transactions

As of the date of this report, there are no significant transactions, acquisition or disposition of businesses or assets currently being discussed or transacted.

Change in Accounting Policies and Initial Adoption

Future accounting pronouncements related to IFRS 9 *Financial Instruments* (2014), IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* (see unaudited condensed interim consolidated financial statements for the period ended September 30, 2017), have been issued and reviewed by management but are not yet effective. These pronouncements have not been early adopted by the Company and the Company has yet to assess the full impact.

Directors

As of the date of this report, the Board of Directors is composed of the following:

J. Cowan McKinney, FCPA, FCA	Board Chair
G. Benjamin Cutler	
John C.A. de Wit, CPA, CA	
Anthony Liscio, DDS	
Robert W. Macdonald	
Steven O. Youngman, B.Comm., LL.B	Deputy Board Chair