



STRATEGEM
C A P I T A L

Strength Through Strategy

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

STRATEGEM CAPITAL CORPORATION
Management Discussion and Analysis
For the years ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

INTRODUCTION

This is Management’s Discussion and analysis (“MD&A”) for Strategem Capital Corporation (the “Company” or “Strategem”) has been prepared based on information known to management as of March 27, 2017. This MD&A is intended to help the reader understand the financial statements of Strategem.

The following information should be read in conjunction with the audited financial statements for the years ended December 31, 2016 and 2015 and the related notes, all of which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Annual references are to the Company’s fiscal years, which end on December 31. All dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars.

DESCRIPTION OF THE BUSINESS

Strategem is a publicly-traded merchant bank whose investment objective is to provide capital growth through investments in a broad spectrum of diversified investment assets. These investment assets may include securities, mutual funds, government treasury issues, real estate or other related opportunities. Its investments shall be focused, high growth opportunities in private or public companies. The Company trades under the symbol “SGE” on the TSX Venture Exchange (the “TSV-V” or “Exchange”).

There are significant risks associated with the types of opportunities that the Company has been and will be pursuing. Typically, only very few of such investments become successful. The types of investments with which the Company will be involved typically take at least several years to mature into a successful investment, and the failures generally materialize much sooner in the investment cycle. The Company will continue to seek out investment opportunities in emerging companies that have a strong likelihood of becoming successful investments as they mature.

SELECTED FINANCIAL INFORMATION

| | Year Ended December 31, 2016 | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|---------------------------------|---------------------------------|---------------------------------|
| Total revenue (loss) | \$1,972,011 | (\$1,253,642) | (\$1,194,062) |
| Earnings (loss) before extraordinary items | \$4,282,372 | (\$893,730) | (\$190,620) |
| Net earnings (loss) for the year | \$4,282,372 | (\$893,730) | (\$190,620) |
| Earnings (loss) Per Share - basic | \$0.96 | (\$0.17) | (\$0.04) |
| Earnings (loss) Per Share – diluted | \$0.96 | (\$0.17) | (\$0.04) |
| Total assets | \$11,180,076 | \$7,285,698 | \$14,978,490 |
| Total long-term liability | \$386,033 | \$145,324 | \$458,659 |
| Cash dividends declared per share | N/A | N/A | N/A |

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SUMMARY OF QUARTERLY RESULTS

| | 2016 | 2016 | 2016 | 2016 | 2015 | 2015 | 2015 | 2015 |
|--|------------------|-----------|-------------|-----------|--------------------|-------------|-------------|-------------|
| | Dec 31 | Sep 30 | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 | Mar 31 |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Total revenue (loss) | \$ 98,586 | \$432,094 | \$ 556,906 | \$884,425 | \$(199,530) | \$(641,434) | \$(216,475) | \$(196,203) |
| Earnings (loss) before extraordinary items | \$ 52,953 | \$276,943 | \$3,489,488 | \$462,988 | \$ 53,475 | \$(444,646) | \$(412,879) | \$ (89,680) |
| Per Share ⁽¹⁾ | \$ 0.01 | \$ 0.06 | \$ 0.80 | \$ 0.10 | \$ 0.01 | \$ (0.08) | \$ (0.08) | \$ (0.02) |
| Per Share – (diluted) | \$ 0.01 | \$ 0.06 | \$ 0.80 | \$ 0.10 | \$ 0.01 | \$ (0.08) | \$ (0.08) | \$ (0.02) |
| Net earnings (loss) for the period | \$ 52,953 | \$276,943 | \$3,489,488 | \$462,988 | \$ 53,475 | \$(444,646) | \$(412,879) | \$ (89,680) |
| Per Share ⁽¹⁾ | \$ 0.01 | \$ 0.06 | \$ 0.80 | \$ 0.10 | \$ 0.01 | \$ (0.08) | \$ (0.08) | \$ (0.02) |
| Per Share – (diluted) | \$ 0.01 | \$ 0.06 | \$ 0.80 | \$ 0.10 | \$ 0.01 | \$ (0.08) | \$ (0.08) | \$ (0.02) |

⁽¹⁾ Earnings per share is the same for basic and diluted number of shares, because there were no options and warrants outstanding from January 1, 2015 to and including December 31, 2016 and thus, the basic and diluted weighted average number of shares was the same.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The Company's earnings and losses are expected to fluctuate significantly and will depend on its ability to identify and acquire investments that will appreciate in value (see "Description of the Business", above), and the exchange rate fluctuations.

Year ended December 31, 2016 and year ended December 31, 2015

During the year ended December 31, 2016, the Company recorded total revenue of \$1,972,011, consisting a gain on sale of investments of \$695,511, unrealized gain on investment of \$989,827, and interest, dividends and other income of \$286,673.

During the year ended December 31, 2015 the Company recorded loss of \$1,253,642, consisting a loss on redemption of Absolute Core Return Fund of \$47,652, unrealized loss on investment of \$1,283,870, and loss on sale of investments of \$242,397, offsetting with interest, dividends and other income of \$320,277.

Excluding the foreign exchange loss of \$18,436, cash-related expenses for the year ended December 31, 2016 were \$524,322, an increase of \$82,922 from \$441,400 for the year ended December 31, 2015 which excludes the foreign exchange loss of \$310,135 and depreciation of \$159. The increase in cash-related expenses was mainly due to: (a) the increase on legal and accounting fees of \$264,023 (2015 - \$200,126) due to continued discussion with the Canada Revenue Agency ("CRA") regarding the tax disputes, and (b) the increase on shareholder information and filing fees of \$56,993 (2015 - \$22,231) due to the substantial issuer bid as well as the normal course issuer bid; which were offset by (c) the decrease in interest expenses on margin loan of \$11,978 (2015 - \$38,201). The other administrative expenditures varied over the periods but the overall effect of these variances was not material.

On July 25, 2016, the Company resolved its income tax disputes with CRA and the Department of Justice. A mutual consent to judgment was filed with the Tax Court of Canada, under which the Company's appeals with respect to its taxation years ended March 31, 2007 and December 31, 2007 were allowed and its appeals with respect to its taxation years ending December 31, 2008 and December 31, 2009 were dismissed.

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The reassessment of the Company's taxation year ended March 31, 2007 for an amount of \$2,194,301 and the reassessment of the Company's taxation year ended December 31, 2007 for an amount of \$761,808, which the Company paid both amounts in 2014, were vacated. In October 2016, the Company received \$3,093,827 from CRA related to the March 31, 2007, December 31, 2007 and December 31, 2008 taxable years, of which \$77,578 was refund interest. In 2013, the Company paid its reassessed 2008 and 2009 tax liabilities. No further amounts will be payable or refundable in respect of those taxation years.

With the settlement of tax disputes with the CRA, during the year ended December 31, 2016, the Company recorded income tax recovery of \$1,936,861 (2015 – \$178,001), refund interest income of \$77,578 (2015 – \$nil), refund arrears interest and penalties of \$1,079,388 (2015 - \$nil), and recorded deferred income tax expense of \$240,709 (2015 - deferred income tax recovery of \$313,335).

The net income for the year ended December 31, 2016 was \$4,282,372 or earnings per share of \$0.96 as compared with net loss of \$893,730 or loss per share of \$0.17 for the same period of 2015.

Three months ended December 31, 2016 and three months ended December 31, 2015

During the three months ended December 31, 2016 the Company recorded total revenue of \$98,586, consisting gain on sale of investments of \$285,557 and interest, dividends and other income of \$69,749, offsetting with unrealized loss on investments of \$256,720.

During the three months ended December 31, 2015 the Company recorded loss of \$199,530, consisting unrealized loss on investments of \$136,648 and loss on sale of investments of \$141,738, offsetting with interest, dividends and other income of \$78,856.

Excluding the foreign exchange gain of \$30,402, cash-related expenses for the three months ended December 31, 2016 were \$114,127, a decrease of \$20,615 from \$134,742 for the same period in 2015 which excludes the foreign exchange gain of \$31,483. The decrease in cash-related expenses was mainly due to the decrease on legal and accounting fees of \$67,421 (2015 - \$82,248). The other administrative expenditures varied over the periods but the overall effect of these variances was not material.

During the three months ended December 31, 2016, the Company recorded income tax expense \$1,019,248 (2015 - income tax recovery of \$179,933), refund interest income of \$77,578 (2015 – \$nil), refund arrears interest and penalties of \$1,079,388 (2015 - \$nil), and recorded deferred income tax expense of \$99,627 (2015 - deferred income tax recovery of \$176,331).

The net income for the three months ended December 31, 2016 was \$52,953 or earnings per share of \$0.01 as compared with net income of \$53,475 or earnings per share of \$0.01 for the same period of 2015.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had total assets of \$11,180,076 and working capital of \$11,132,860 as compared with total assets of \$7,285,698 and working capital of \$7,202,336 at December 31, 2015. The Company's cash and cash equivalents increased by \$3,376,638 from \$1,516,477 as at December 31, 2015 to \$4,893,115, as at December 31, 2016. The increase was from \$3,969,195 cash provided in operating activities and \$592,557 used for substantial issuer bid in financing activities.

The Company has adequate working capital to fund its expected operating costs through 2017.

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ABSOLUTE CORE RETURN FUND

In September 2009, the Company paid \$2,340,000 to purchase 234,000 Class A2 units of the Absolute Core Return Fund. The Company classified the units of the Absolute Core Return Fund as long-term assets due to the nature of the fund and its investment activities. During the year ended December 31, 2010, the Company purchased additional 12,462 Fund units. In December 2014, the Absolute Core Return Fund was partially redeemed and certain assets were distributed in kind to the Company at a fair value of \$5,545,342, resulting in the Company recognizing a realized loss on redemption of \$1,885,337. The Company then reclassified the remaining units in the Absolute Core Return Fund as current assets. During the year ended December 31, 2015, the remaining units of the Absolute Core Return Fund were redeemed and cash and certain assets of \$411,403 were distributed in kind to the Company. The Company recognized a loss on redemption of \$47,652 in fiscal 2015.

COMMITMENTS

The Company is committed to pay \$250,000 upon termination of a management consulting services agreement with a company controlled by the CEO of the Company (see “Related Party Transactions”).

RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended December 31, 2016

| | Short-term employee benefits | Post-employment benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|------------------------------|--------------------------|--------------------------|----------------------|----------------------|-----------|
| Kenneth W. Morgan Chief Executive Officer, President and Director | \$115,920 ^(a) | \$Nil | \$Nil | \$Nil ^(a) | \$Nil | \$115,920 |
| Winnie Wong ^(c) Chief Financial Officer | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil |
| Mark T. Brown ^(b) Director | \$14,000 | \$Nil | \$Nil | \$Nil | \$Nil | \$14,000 |
| Michael Katz ^(b) Director | \$14,000 | \$Nil | \$Nil | \$Nil | \$Nil | \$14,000 |
| Marc Blythe ^(b) Director | \$14,000 | \$Nil | \$Nil | \$Nil | \$Nil | \$14,000 |
| Pacific Opportunity Capital Ltd. ^(c) | \$65,528 | \$Nil | \$Nil | \$Nil | \$Nil | \$65,528 |

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For the year ended December 31, 2015

| | Short-term employee benefits | Post-employment benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|------------------------------|--------------------------|--------------------------|----------------------|----------------------|-----------|
| Kenneth W. Morgan Chief Executive Officer, President and Director | \$115,920 ^(a) | \$Nil | \$Nil | \$Nil ^(a) | \$Nil | \$115,920 |
| Winnie Wong ^(c) Chief Financial Officer | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil |
| Mark T. Brown ^(b) Director | \$14,000 | \$Nil | \$Nil | \$Nil | \$Nil | \$14,000 |
| Michael Katz ^(b) Director | \$14,000 | \$Nil | \$Nil | \$Nil | \$Nil | \$14,000 |
| Marc Blythe ^(b) Director | \$14,000 | \$Nil | \$Nil | \$Nil | \$Nil | \$14,000 |
| Pacific Opportunity Capital Ltd. ^(c) | \$85,557 | \$Nil | \$Nil | \$Nil | \$Nil | \$85,557 |

Related party assets / liabilities

| | Services for | As at December 31, 2016 | As at December 31, 2015 |
|-------------------------------------|--|----------------------------|----------------------------|
| Amounts due to: | | | |
| Pacific Opportunity Capital Ltd. | Rent, management, and accounting ^(c) | \$ 2,247 | \$ 5,901 |
| Mark T. Brown | Director fee | \$ 3,282 | \$ 3,276 |
| Michael Katz | Director fee | \$ 3,500 | \$ 3,500 |
| Marc Blythe | Director fee | \$ 3,282 | \$ 3,276 |
| Yew Street Capital Corporation | Management ^(a) | \$ 9,660 | \$ 9,660 |
| TOTAL: | | \$ 21,971 | \$ 25,614 |

- (a) During the year ended December 31, 2016, Mr. Morgan was paid management fees of \$115,920 (2015 - \$115,920) by the Company to Yew Street Capital Corporation, a company controlled by him. He also has termination benefits (see "Commitments").
- (b) The Company pays director fees of \$3,000 per quarter and \$500 per meeting to each independent director.
- (c) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company, charged \$65,528 (2015 - \$85,557) for rent, accounting and management fees for an accounting and administrative team of three people during fiscal 2016 and 2015 respectively.

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CAPITAL STOCK

- Unlimited Class A voting common shares without par value;
- Unlimited Class B voting common shares without par value;
- Unlimited Class A non-voting preference shares without par value.

As at December 31, 2016, the Company had 4,370,999 Class A common shares and 220 Class B common shares issued and outstanding. Each Class B common share can be exchanged for one Class A common share, and the Class B common shares exchanged will then be cancelled by the Company.

Stock option plan

There were no options and warrants outstanding as of December 31, 2016 and 2015.

The Company has a Stock Option Plan (the “Plan”) whereby a maximum of 10% of the issued shares will be reserved for issuance under the Plan. The Plan authorizes the Board of Directors to grant incentive stock options to directors, officers, employees, management companies and consultants of the Company.

Normal course issuer bid

On June 30, 2015, the Company obtained the approval from the Exchange to undertake a normal course issuer bid to purchase up to 291,848 of its 5,255,404 issued and outstanding Class A common shares (“Common Shares”) representing approximately 5.55% of the Company’s issued and outstanding Common Shares. Purchases were made on the open market through the facilities of the Exchange by Raymond James Ltd. By December 1, 2015, the Company purchased and cancelled 291,848 Class A common shares at an average price of \$1.04 per share via this normal course issuer bid.

On June 24, 2016, the Company obtained another approval from the Exchange to undertake a normal course issuer bid to purchase of up to 218,549 of its Common Shares representing approximately 5% of the Company’s issued and outstanding Common Shares. Purchases will be made on the open market through the facilities of the Exchange by Raymond James Ltd. No purchases have been made as of December 31, 2016.

Substantial issuer bid

On December 18, 2015, the Company authorized a substantial issuer bid (“Offer”) to purchase for cancellation up to 600,000 of its issued and outstanding Class A common shares (“Shares”) at a purchase price of \$0.90 per Share in cash. This Offer expired on January 29, 2016.

On January 28, 2016, the Company increased the purchase price of the Shares to \$1.00 per Share and increased the number of Shares that the Company may purchase to up to 750,000 Shares. The Offer was also extended to February 16, 2016.

In February 2016, the Company announced the results of its substantial issuer bid. All the terms and conditions of the Offer had been compiled with and 592,557 Class A Shares at a purchase price of \$1.00 per Share were properly tendered to the Offer and not withdrawn. After giving effect to the Offer, the number of issued and outstanding Class A Shares was reduced to 4,370,999.

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Delisting

On December 11, 2015, the Company announced a special meeting of shareholders (the “Special Meeting”). On January 18, 2016, 71.51% of voted shares were against the delisting. As a result, the Company remains listed on the Exchange.

As at December 31, 2016, there were 4,371,219 common shares issued and outstanding and on a fully diluted basis. As at the date of this MD&A, there were 4,371,219 common shares issued and outstanding and on a fully diluted basis.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s cash and cash equivalents and investments held for trading are stated at fair value. The fair value of amounts due to related parties and accounts payable and accrued liabilities approximates their carrying value, due to their short-term nature.

The Company is exposed to a variety of financial instruments risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The level of risk to which the Company is exposed depends on the type of investments the Company holds. The value of investments can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news.

(a) Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The Company is not exposed to significant credit risk on its cash and cash equivalents since they are placed with major financial institutions and brokers. The credit risk exposure of the Company’s investments is represented by their fair values disclosed.

(b) Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations, on time or at a reasonable price. The Company exposure to liquidity risk is limited to all the investments. The Company manages liquidity risk through the management of its capital structure. The Company’s current working capital is \$11,132,860.

(c) Market risk

The Company invests its marketable securities in various industries, including mineral resource, telecom and energy sectors. Changes in the future pricing and demand of these commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further development and to determine the commercial viability of its resource properties. The value of each investment is also influenced by the outlook of the issuer and by general economic and political conditions. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value.

A 1% change in future pricing and trading value of its investments as at December 31, 2016, would change the Company’s market value of its investments annually by approximately \$62,900.

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(d) Interest rate risk

Interest rate risk is the risk that the fair value of interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. The Company's exposure is limited to its investments in income trusts, other interest-earning instruments and the margin loan which will be affected by changes in applicable interest rates.

A 1% change in the interest rate would change the Company's annual net income by approximately \$130.

(e) Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the functional currency of the Company. As a result, the Company may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

A 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's annual net income by approximately \$16,880.

(f) Classification of financial instruments

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- i. Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii. Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii. Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy of financial instruments measured at fair value as of December 31, 2016 is as follows:

| As at December 31, 2016 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|----------------|----------------|----------------|---------------|
| Cash and cash equivalents | \$ 4,893,115 | \$ - | \$ - | \$ 4,893,115 |
| Investments | 6,285,807 | - | - | 6,285,807 |
| | \$ 11,178,922 | \$ - | \$ - | \$ 11,178,922 |

The fair value hierarchy of financial instruments measured at fair value as of December 31, 2015 is as follows:

| As at December 31, 2015 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|----------------|----------------|----------------|--------------|
| Cash and cash equivalents | \$ 1,516,477 | \$ - | \$ - | \$ 1,516,477 |
| Investments | 5,575,406 | - | - | 5,575,406 |
| | \$ 7,091,883 | \$ - | \$ - | \$ 7,091,883 |

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SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Estimates

- The carrying value of the investments, the estimated unrealized gains or losses recorded from the fair value fluctuations, and the recoverability of the carrying value which are included in the statements of financial position;
- The provision for income taxes which is included in the statements of comprehensive loss and composition of deferred income tax liabilities included in the statements of financial position; and
- The amount of the changes to comprehensive loss and investments as a result of changes in prevailing interest rates, foreign exchange, economic and market conditions and company specific news.

OFF – BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2016 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control Over Financial Reporting (“ICFR”)

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

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Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

FORWARD-LOOKING STATEMENTS

Certain information regarding the Company as set forth in the MD&A, including management's assessment of the Company's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuation, imprecision of reserve estimates, environmental risks, taxation policies, competition from other producers, the lack of qualified personnel or management, stock market volatility and the ability to access sufficient capital from external or internal sources. The actual results, performance or achievement could materially differ from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them does, what benefits the Company will derive there from.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- The amount of the changes to net income and investments as a result of changes in prevailing interest rates, economic and market conditions and company specific news;
- Conversion of 220 Class B shares into Class A common shares;
- The Company's earnings and loss fluctuation and the ability to identify and acquire investments that will appreciate in value; and
- The Company's adequate working capital to fund its expected operating costs through 2017.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.