



**STRATEGEM**  
**C A P I T A L**

*Strength Through Strategy*

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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## **INTRODUCTION**

This is Management's Discussion and analysis ("MD&A") for Stragem Capital Corporation (the "Company" or "Stragem") has been prepared based on information known to management as of April 11, 2019. This MD&A is intended to help the reader understand the financial statements of Stragem.

The following information should be read in conjunction with the audited financial statements for the years ended December 31, 2018 and 2017 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**

Stragem is a publicly-traded merchant bank trading under the symbol "SGE" on the TSX Venture Exchange (the "TSV-V" or "Exchange"). The Company's investment policy is to invest for purposes of control or for the purpose of being actively involved in management, therefore restricting passive investments. The Company continues to look for investments in a broad spectrum of diversified investment assets.

## **RECENT ACTIVITIES**

In January 2019, the Company announced that if the Company were to hold a portfolio of "passive" investments, rather than investments for purposes of control and influence over management, the Company would be required to register as a non-redeemable investment fund and its investment committee members may be required to register as investment fund managers or portfolio managers under *National Instrument 31-103* ("NI 31-103"). As a non-redeemable investment fund, the Company would also be prohibited from holding securities representing more than 10% of the votes or 10% of the outstanding equity securities of any company.

Historically, the Company did invest for purposes of control and influence over management, but had not done so for some time. Between 2006 and 2008, the Company realized significant gains for its shareholders, and in 2009 and 2013, the Company returned a portion of its cash to shareholders via a return of capital and dividend distributions. Following which, and while the Company looked for further control type investments, the Company had primarily been a passive investor and deployed most of its capital in "blue-chip" investments which had provided a steady stream of dividend income and capital appreciation.

The Company renewed its focus on investments with the potential for growth and where it could be actively involved in management or else have a position of control. There are significant risks associated with the types of opportunities that the Company is now 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. In addition, the Company is no longer able to rely on a stream of dividend income to meet its cash flow needs; therefore, cash flows are expected to be more sporadic, with primarily negative cash flows while the Company is not invested, or while its investments are maturing. These negative cash flows are offset by gains only if the Company's investments become successful.

During January 2019, the Company sold most of its portfolio of investments and currently has approximately \$11,000,000 in cash and approximately \$90,000 in illiquid securities.

**SELECTED FINANCIAL INFORMATION**

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Total revenue (loss)	\$(896,243)	\$1,667,570	\$1,972,011
Earnings (loss) before extraordinary items	\$(783,868)	\$1,099,282	\$4,282,372
Net earnings (loss) for the year	\$(783,868)	\$1,099,282	\$4,282,372
Earnings (loss) Per Share - basic	\$(0.18)	\$0.25	\$0.96
Earnings (loss) Per Share – diluted	\$(0.18)	\$0.25	\$0.96
Total assets	\$11,421,462	\$12,460,350	\$11,180,076
Total long-term liability	\$394,572	\$652,992	\$386,033
Cash dividends declared per share	N/A	N/A	N/A

**SUMMARY OF QUARTERLY RESULTS**

	<b>2018</b>	2018	2018	2018	<b>2017</b>	2017	2017	2017
	<b>31-Dec</b>	30-Sep	30-Jun	31-Mar	<b>31-Dec</b>	30-Sep	30-Jun	31-Mar
	<b>Q4</b>	Q3	Q2	Q1	<b>Q4</b>	Q3	Q2	Q1
Total revenue (loss)	<b>(750,887)</b>	78,370	\$ 402,038	\$ (625,764)	<b>\$ 611,203</b>	\$ 691,985	\$ 61,383	\$ 302,999
Earnings (loss) before extraordinary items	<b>\$ (538,896)</b>	\$ (30,354)	181,043	\$ (395,661)	<b>\$ 394,884</b>	\$ 445,022	\$ 88,983	\$ 170,393
Per Share <sup>(1)</sup>	<b>\$ (0.12)</b>	\$ (0.01)	0.04	\$ (0.09)	<b>\$ 0.09</b>	\$ 0.10	\$ 0.02	\$ 0.04
Per Share – (diluted)	<b>\$ (0.12)</b>	\$ (0.01)	0.04	\$ (0.09)	<b>\$ 0.09</b>	\$ 0.10	\$ 0.02	\$ 0.04
Net earnings (loss) for the period	<b>\$ (538,896)</b>	\$ (30,354)	181,043	\$ (395,661)	<b>\$ 394,884</b>	\$ 445,022	\$ 88,983	\$ 170,393
Per Share <sup>(1)</sup>	<b>\$ (0.12)</b>	\$ (0.01)	0.04	\$ (0.09)	<b>\$ 0.09</b>	\$ 0.10	\$ 0.02	\$ 0.04
Per Share – (diluted)	<b>\$ (0.12)</b>	\$ (0.01)	0.04	\$ (0.09)	<b>\$ 0.09</b>	\$ 0.10	\$ 0.02	\$ 0.04

<sup>(1)</sup> Earnings per share is the same for basic and diluted number of shares, because there were no options and warrants outstanding from January 1, 2017 to and including December 31, 2018 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, 2018 and year ended December 31, 2017

During the year ended December 31, 2018, the Company recorded total loss of \$896,243, consisting a gain on sale of investments of \$170,090, unrealized loss on investment of \$1,506,342, and interest, dividends and other income of \$440,009.

During the year ended December 31, 2017, the Company recorded total revenue of \$1,667,570, consisting a gain on sale of investments of \$457,576, unrealized gain on investment of \$880,030, and interest, dividends and other income of \$329,964.

Excluding the foreign exchange gain of \$154,822, cash-related expenses for the year ended December 31, 2018 were \$300,867, a decrease of \$9,175 from \$310,042 for the year ended December 31, 2017 which excludes the foreign exchange gain of \$8,713. The decrease in cash-related expenses was mainly due to: (a) the decrease on office and occupancy fees of \$24,660 (2017 - \$37,199) and (b) the decrease on shareholder information and filing fees of \$19,602 (2017 - \$23,846). The other administrative expenditures varied over the periods but the overall effect of these variances was not material.

The Company recorded deferred income tax recovery of \$258,420 in 2018 (2017 - deferred income tax expense of \$266,959).

The net loss for the year ended December 31, 2018 was \$783,868 or loss per share of \$0.18 as compared with net income of \$1,099,282 or earnings per share of \$0.25 for the same period of 2017.

Three months ended December 31, 2018 and three months ended December 31, 2017

During the three months ended December 31, 2018 the Company recorded total loss of \$750,887, consisting gain on sale of investments of \$6,025, unrealized loss on investments of \$872,676 and interest, dividends and other income of \$115,764.

During the three months ended December 31, 2017 the Company recorded total revenue of \$611,203, consisting gain on sale of investments of \$189,087, unrealized gain on investments of \$326,528 and interest, dividends and other income of \$95,588.

Excluding the foreign exchange gain of \$101,642, cash-related expenses for the three months ended December 31, 2018 were \$85,621, a slight decrease of \$23,560 from \$109,181 for the same period in 2017 which excludes the foreign exchange loss of \$8,433. The slight decrease in cash-related expenses was mainly due to the decrease on legal and accounting fees of \$38,741 (2017 - \$55,888) and decrease on shareholder information and filing fees of \$2,808 (2017 - \$6,842). 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, 2018, the Company recorded deferred income tax recovery of \$195,970 (2017 - deferred income tax expense of \$98,705).

The net loss for the three months ended December 31, 2018 was \$538,896 or loss per share of \$0.12 as compared with net income of \$394,884 or earnings per share of \$0.09 for the same period of 2017.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2018, the Company had total assets of \$11,421,462 and working capital of \$11,365,608 as compared with total assets of \$12,460,350 and working capital of \$12,407,896 at December 31, 2017. The Company's cash and cash equivalents decreased by \$566,863 from \$3,523,584 as at December 31, 2017 to \$2,956,721 as at December 31, 2018. The decrease was from \$541,738 cash used in operating activities.

The Company has adequate working capital to fund its expected operating costs through 2019.

## **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").

In March 2016, the Company was advised by the CEO/director of the Company about legal claims asserted against him in Panama as a result of his position as CFO and director of an investee company, Petaquilla Minerals Ltd. The claimants assert that they have ownership rights to a mining exploration property located in Panama.

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The Company entered into indemnification agreements (“IA”) with the directors of the Company to provide indemnification as permitted by the Business Corporations Act (British Columbia). On January 26, 2018, pursuant to the CEO’s IA, the Company entered into an escrow agreement whereby it will deposit \$250,000 to the escrow agent as the initial amount of the escrow fund for the payment of the CEO’s legal fees. The Company may pay additional amounts into the escrow fund from time to time. As at April 11, 2019, no amount has been deposited with the escrow agent. Pursuant to the IA, the Company will pay any income or other taxes that the CEO may become liable for as a result of the indemnified amounts.

**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, 2018

	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 <sup>(a)</sup>	\$Nil	\$Nil	\$Nil <sup>(a)</sup>	\$Nil	115,920 <sup>(a)</sup>
Winnie Wong <sup>(c)</sup> Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Mark T. Brown <sup>(b)</sup> Director	\$14,000	\$Nil	\$Nil	\$Nil	\$Nil	\$14,000
Michael Katz <sup>(b)</sup> Director	\$14,000	\$Nil	\$Nil	\$Nil	\$Nil	\$14,000
Marc Blythe <sup>(b)</sup> Director	\$14,000	\$Nil	\$Nil	\$Nil	\$Nil	\$14,000
Pacific Opportunity Capital Ltd. <sup>(c)</sup>	\$55,615	\$Nil	\$Nil	\$Nil	\$Nil	\$55,615

For the year ended December 31, 2017

	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 <sup>(a)</sup>	\$Nil	\$Nil	\$Nil <sup>(a)</sup>	\$Nil	115,920 <sup>(a)</sup>
Winnie Wong <sup>(c)</sup> Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Mark T. Brown <sup>(b)</sup> Director	\$14,000	\$Nil	\$Nil	\$Nil	\$Nil	\$14,000
Michael Katz <sup>(b)</sup> Director	\$14,000	\$Nil	\$Nil	\$Nil	\$Nil	\$14,000
Marc Blythe <sup>(b)</sup> Director	\$14,000	\$Nil	\$Nil	\$Nil	\$Nil	\$14,000
Pacific Opportunity Capital Ltd. <sup>(c)</sup>	\$48,266	\$Nil	\$Nil	\$Nil	\$Nil	\$48,266

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Due to related parties:

	Services for	As at December 31, 2018	As at December 31, 2017
Amounts due to:			
Pacific Opportunity Capital Ltd.	Rent, management, and accounting <sup>(c)</sup>	\$ 3,800	\$ 3,873
Mark T. Brown	Director fee	\$ 3,303	\$ 3,297
Michael Katz	Director fee	\$ 3,500	\$ 3,500
Marc Blythe	Director fee	\$ 3,303	\$ 3,297
Yew Street Capital Corporation	Management <sup>(a)</sup>	\$ 9,660	\$ 9,660
<b>TOTAL:</b>		<b>\$ 23,566</b>	<b>\$ 23,627</b>

- (a) During the year ended December 31, 2018, Mr. Morgan was paid management fees of \$115,920 (2017 - \$115,920) by the Company to Yew Street Capital Corporation, a company controlled by him. He also has termination benefits (see “Commitments”). In addition, the Company paid \$4,770 (2017 - \$25,520) to a legal counsel on behalf of Mr. Morgan in relation to certain claim against him (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 \$55,615 (2017 - \$48,266) for rent, accounting and management fees for an accounting and administrative team of three people during fiscal 2018 and 2017 respectively.

**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, 2018, the Company had 4,321,699 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, 2018 and 2017.

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 August 1, 2017, the Company obtained an approval from the Exchange to undertake a normal course issuer bid to allow the Company to purchase up to 218,549 of its Class A common shares, representing approximately 5% of its issued and outstanding shares. Purchases may be made on the open market through the facilities of the Exchange by Raymond James Ltd. between August 2, 2017 and July 31, 2018.

During the year ended December 31, 2017, 49,300 Class A common shares were purchased for \$91,205 by the Company and the shares were cancelled and returned to treasury.

On July 18, 2018, the Company obtained an approval from the Exchange to undertake a normal course issuer bid to allow the Company to purchase of up to 216,084 of its Class A common shares, representing approximately 5% of its issued and outstanding shares. Purchases may be made on the open market through the facilities of the Exchange by Raymond James Ltd. between August 1, 2018 and July 31, 2019. No purchases have been made as of December 31, 2018.

As at December 31, 2018, there were 4,321,919 common shares issued and outstanding and on a fully diluted basis. As at the date of this MD&A, there were 4,321,919 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 amortized cost and fair value respectively. 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 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) 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, 2018, would change the Company's market value of its investments annually by approximately \$84,400.

### **(c) 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 and other interest-earning instruments 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.

(d) 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 \$14,100.

(e) 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 amortized cost and fair value as of December 31, 2018 is as follows:

<b>As at December 31, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 2,956,721	\$ -	\$ -	\$ 2,956,721
Investments	8,441,587	-	-	8,441,587
	\$ 11,398,308	\$ -	\$ -	\$ 11,398,308

The fair value hierarchy of financial instruments measured at fair value as of December 31, 2017 is as follows:

<b>As at December 31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 3,523,584	\$ -	\$ -	\$ 3,523,584
Investments	8,909,056	-	-	8,909,056
	\$ 12,432,640	\$ -	\$ -	\$ 12,432,640

**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 income 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.

**RECENT ACCOUNTING PRONOUNCEMENTS**

Adoption of IFRS 9 – Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 in accordance with the transitional provisions of the standard. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, the Company’s investments are mandatorily measured at fair value through profit or loss (“FVPL”) because they meet the definition of held for trading. The change did not impact the carrying value of any of the Company’s financial assets on the transition date.

The impact on the statement of financial position from the change relating to IFRS 9 has been summarized below.

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

	<b>IAS 39</b>	<b>IFRS 9</b>
<b>Financial Assets</b>		
Cash and Cash Equivalents	Fair value through profit or loss	Amortized cost
Investments	Fair value through profit or loss	Fair value through profit or loss
<b>Financial Liabilities</b>		
Accounts Payables and Accrued Liabilities	Amortized cost	Amortized cost
Due to Related Parties	Amortized cost	Amortized cost

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments.

The Company’s financial assets are classified into one of the following two measurement categories:

Financial assets held within a business model for the purpose of collecting contractual cash flows (“held to collect”) that represent solely payments of principal and interest (“SPPI”) are measured at amortized cost. Financial assets

held within a business model where assets are both held for the purpose of collecting contractual cash flows or sold prior to maturity and the contractual cash flows represent solely payments of principal and interest are measured at FVPL.

## **NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2018 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 16 Leases (effective January 1, 2019)

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.

### *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;

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- 
- 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 2019.

**ADDITIONAL INFORMATION**

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).