

CONSOLIDATED FIRSTFUND CAPITAL CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Nine Months Ended September 30, 2017 and 2016

The following information should be read in conjunction with the condensed consolidated interim financial statements and related notes for the nine months ended September 30, 2017 and 2016 and the audited consolidated financial statements and related notes and management's discussion and analysis for the years ended December 31, 2016 and 2015. These documents and additional information relating to the Company are on SEDAR at www.sedar.com.

The following discussion and analysis of the financial conditions and financial performance of the Company contain forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from any future results expressed or implied by such statements. Forward-looking statements include, but are not limited to, those with respect to: anticipated future operating results and anticipated timing and progress of property development, marketing and property management. These statements are predictions only and actual results may differ materially. Factors that could cause such actual results to differ materially from any future results expressed or implied by such forward-looking statements include, but are not limited to, our ability to secure financing for projects and obtain development permits, regulatory risk, interest rate risk and currency risk.

Business Overview

Consolidated Firstfund Capital Corp. (FFP – TSX-V) is a venture capital and property development and management company doing business primarily in Canada and the West Coast of the United States. The effective date of this document is November 29, 2017.

Investments

Vitality Products Inc.

Vitality Products Inc. (VPI – TSX-V) is a manufacturer, marketer and distributor of natural health products, including vitamins, minerals and nutritional supplements. Additional information on Vitality is available at www.vitality.ca.

Vitality is related to the Company through common directors, common management and a major shareholder. The Company owns 27.1% (2016 - 27.1%) of the issued voting common shares of Vitality as at September 30, 2017. The Company also owns 100% (2016 - 100%) of the issued non-voting, redeemable 26,920 Class "A" Preference Shares, Series 3 of Vitality as at September 30, 2017. The Vitality Class "A" Preference Shares, Series 3 have a deemed value of \$10 per share and have a 6% cumulative dividend.

An unrealized loss on the Vitality investment for the period ended September 30, 2017 of \$35,044 (2016 - an unrealized gain of \$140,173) has been recorded in other comprehensive income.

GoldStar Resort Destinations, Inc.

A 100% wholly owned subsidiary, GoldStar was a Washington State company that marketed timeshare intervals at Jacobs Landing Condominiums in Birch Bay, Washington and was contracted to manage the Gold Star Vacation Ownership Association at Jacobs Landing Condominiums (the "Association"). GoldStar was affiliated with Resort Condominiums International (RCI).

Investments (continued)

GoldStar Resort Destinations, Inc. (continued)

On March 27, 2010, the timeshare owners of the Association at its annual and special general meeting approved the termination of the GoldStar Resort Destinations, Inc. timeshare program at Jacob's Landing in Birch Bay, Washington. GoldStar finalized the sale of one of the two condominium units in the timeshare program in December 2011. The net proceeds to GoldStar from the sale of this one-bedroom unit were \$111,931.

GoldStar finalized the sale of the second condominium unit in the timeshare program in May 2015. The net proceeds to GoldStar from the sale of this two-bedroom unit were \$165,682. The Company approved the wind-up of GoldStar Resort Destinations, Inc. effective December 31, 2015.

Contracts

The Company earns fee income for real estate development and property management activities performed on properties owned by other companies and limited partnerships managed by companies with a common director and major shareholder.

Property Management Contracts

The Company leases and manages approximately 18,600 sq.ft. of retail space at Ocean Breezes in Birch Bay, Washington. The Ocean Breezes retail space is 80% occupied. The Company also leases and manages approximately 19,400 sq.ft. of retail space at the Sandcastle Resort in Birch Bay, Washington. The Sandcastle Resort retail space is 67% occupied.

Property Development Contracts

Condominium Developments

The Company manages approximately 10 acres of property zoned resort commercial in Birch Bay, Washington, including the approximately 2-acre Beachcomber RV Park. An additional approximately 220 units may be developed with existing zoning on the site. One proposed 68-unit condominium development project totaling 100,000 sq.ft. had received conditional use and development permits. Wetlands, archaeological and ecological permits were received and site fill is complete. An additional 7,600 sq.ft. of retail would be constructed with this building. Construction is subject to financing and market conditions.

I-5 Commercial Development

The Company continues to manage 61 acres of property located along the I-5 Freeway in Whatcom County, Washington. In addition, the Company manages a 6.7-acre RV park with approximately 4,000 sq.ft. of commercial space. This property located near the I-5 Freeway in Whatcom County is now zoned rural general commercial. The Company also oversees another 7.9 acres of property located near the I-5 Freeway in Whatcom County zoned rural general commercial which is being considered for development as office and storage.

Contracts (continued)

Property Development Contracts (continued)

SR 548 – Blaine Road Rezone and Commercial Development

A 160-acre subdivision and commercial development has been assembled to building permit stage. The property is subdivided into 11 parcels and ready for phased development. Construction of an access road off of State Highway 548 is complete. One parcel on State Highway 548 had been permitted for a 10,000 sq.ft. strip mall with gas station and 10,000 sq.ft. restaurant / accommodation, farmers market and nursery. The 160 acres is in the Birch Bay Comprehensive Plan as a combination of general commercial, multi-family and residential development.

The developments discussed above can be viewed on www.goldstarresorts.com or www.firstfund.ca.

Selected Annual Information

The following table sets out selected audited consolidated financial information of the Company and is derived from the audited consolidated financial statements prepared by management. The statements are prepared in conformity with International Financial Reporting Standards (“IFRS”) and are expressed in Canadian dollars.

Fiscal Year	Revenues	Net Income (Loss)	Net Income (Loss) Per Share (Basic and Diluted)	Total Assets	Total Long-term Financial Liabilities
2016	\$326,955	\$31,984	\$0.01	\$994,939	\$40,000
2015	\$482,811	\$157,022	\$0.03	\$956,301	\$40,000
2014	\$361,221	\$(73,287)	\$(0.01)	\$1,142,618	\$40,000

There are several factors that have caused year-to-year variations in the Company’s financial condition and results in operations. The Company receives additional compensation, above and beyond its monthly administration fees, when specific milestones are successfully achieved under a property development contract or the Company is compensated upon the disposition of a property under management.

Net income (loss) has generally improved during the past three fiscal years as the Company’s fee income has increased to \$324,146 in 2016 (2015 - \$312,910 and 2014 - \$271,140). GoldStar Resort Destinations, Inc. disposed of its final condominium unit in its timeshare program in 2015. The net proceeds to GoldStar from the sale of this two-bedroom unit were \$165,682. This sale significantly impacted the revenues and net income in 2015.

The Company earns income or recognizes losses on its investments from time-to-time. The Company earned dividend income of \$82,800 on the conversion of its Vitality Preference Shares, Series 6 to Vitality common shares in 2014 and recorded a loss of \$184,000 on the conversion of its investments.

Total assets have generally decreased during the past three fiscal years due primarily to changes in cash and cash equivalents, accounts receivable and investments. The Company had cash and cash equivalents of \$42,658 as at December 31, 2016 (2015 - \$81,635 and 2014 - \$60,315). The Company had accounts receivable of \$109,038 as at December 31, 2016 (2015 - \$146,165 and 2014 - \$143,472). The Company had investments of \$591,571 as at December 31, 2016 (2015 - \$484,211 and 2014 - \$630,356).

The rise and fall in the value of the Canadian Dollar versus the US Dollar has impacted the Company’s financial statements as large portions of the accounts receivable, inventory, accounts payable and fee income are in US Dollars.

Summary of Quarterly Results

The following table sets out selected unaudited consolidated financial information of the Company and is derived from unaudited consolidated interim financial statements prepared by management. The condensed consolidated interim financial statements are prepared in conformity with IFRS and are expressed in Canadian dollars.

Fiscal Period	Revenues	Net Income	Net Income Per Share (Basic and Diluted)
2017 Q3	\$77,290	\$10,655	\$0.00
2017 Q2	\$82,854	\$706	\$0.00
2017 Q1	\$81,344	\$16,201	\$0.00
2016 Q4	\$81,955	\$5,599	\$0.00
2016 Q3	\$80,510	\$19,342	\$0.01
2016 Q2	\$79,716	\$1,423	\$0.00
2016 Q1	\$84,774	\$5,620	\$0.00
2015 Q4	\$84,867	\$11,811	\$0.00

The Company's results in the third quarter of 2017 were impacted by the Company recording a foreign exchange loss of \$4,402 (2016 - foreign exchange gain of \$1,003) primarily on the Company's accounts receivable denominated in US dollars due to a strengthening of the Canadian dollar against the US currency.

The Company's results in the second quarter of 2017 were impacted by the Company recording a foreign exchange loss of \$2,937 (2016 - foreign exchange gain of \$101) primarily on the Company's accounts receivable denominated in US dollars due to a strengthening of the Canadian dollar against the US currency.

The Company's results in the first quarter of 2017 were impacted by the Company recording a foreign exchange loss of \$1,116 (2016 - \$9,494) primarily on the Company's accounts receivable denominated in US dollars due to a strengthening of the Canadian dollar against the US currency.

The Company's results in the fourth quarter of 2016 were impacted by the Company recording a cumulative translation adjustment loss of \$18,206 (2015 - \$Nil) realized from the wind-up of a foreign subsidiary and recording an income tax recovery of \$1,509 (2015 - income tax expense of \$11,312).

The Company's results in the third quarter of 2016 were impacted by the Company recording a foreign exchange gain of \$1,003 (2015 - \$12,838) primarily on the Company's accounts receivable denominated in US dollars due to a strengthening of the US dollar against the Canadian currency.

The Company's results in the second quarter of 2016 were impacted by the Company recording a foreign exchange gain of \$101 (2015 - foreign exchange loss of \$3,872) primarily on the Company's accounts receivable denominated in US dollars due to a strengthening of the US dollar against the Canadian currency.

The Company's results in the first quarter of 2016 were impacted by the Company recording a foreign exchange loss of \$9,494 (2015 - foreign exchange gain of \$18,813) primarily on the Company's accounts receivable denominated in US dollars due to a strengthening of the Canadian dollar against the US currency.

The Company's results in the fourth quarter of 2015 were impacted by the Company recording an income tax expense of \$11,312 (2014 - income tax recovery of \$10,229).

Results of Operations

The financial results of the Company for the three months ended September 30, 2017 show a net income of \$10,655 or \$0.00 per share (2016 - \$19,342 or \$0.00 per share) on revenues of \$77,290 (2016 - \$80,510). No additional fee income, above and beyond the Company's monthly administration fees, was received in the third quarter of 2017.

The Company's fee income decreased to \$76,654 for the three months ended September 30, 2017 (2016 - \$79,806). The overall decrease is primarily due to a decrease in the Canadian Dollar per US Dollar exchange rate. The Company received fee income of US\$60,000 from Gold Star Resorts Inc. during each of the two periods. However, due to changes in the Canadian Dollar per U.S. Dollar exchange rate, the Company earned \$75,154 from Gold Star Resorts Inc. in the third quarter of 2017 compared with \$78,306 in 2016.

The Company's monthly administration fee billed to Gold Star Resorts Inc. is US\$20,000 per month (2016 - US\$20,000 per month). This monthly fee income represents property development and property management responsibilities undertaken by the Company in Whatcom County, Washington on behalf of Gold Star Resorts Inc.

Transactions with Related Parties

The Company is economically dependent on one customer which is related by a common director and major shareholder. The Company derives revenue primarily from financial consulting related to real estate development and venture capital activities. Revenue for the period ended September 30, 2017 includes \$235,230 (97%) attributable to one customer (2016 - \$238,110 (97%)).

For additional information on transactions with related parties refer to Note 13 of the condensed consolidated interim financial statements and related notes for the nine months ended September 30, 2017 and 2016.

Liquidity and Capital Resources

The Company had a working capital deficit of \$390,278 as at September 30, 2017 (2016 - \$464,106). The Company had cash and cash equivalents of \$58,125 as at September 30, 2017. During the period ended September 30, 2017, the Company's cash position increased \$15,467.

During the nine months ended September 30, 2017, the Company made repayments totaling \$30,000 to an individual related to a director of the Company. The Company made repayments totaling \$120,000 in 2016 and \$80,000 in 2015 to an individual related to a director of the Company. The Company has a balance owing of \$515,000 to this individual as at September 30, 2017. The Company had received during 2010 and 2011 a total of \$745,000 from this individual to assist the Company in managing its working capital as a result of operating losses. The remaining balance is unsecured, non-interest bearing and has no specific terms of repayment.

In the opinion of management, the working capital as at September 30, 2017, together with future cash flows from operations and the continued financial support from related parties, is sufficient to support the Company's ability to operate on an ongoing basis.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements during the most recently completed financial period.

Changes in Accounting Policies including Initial Adoption

The condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2017 and 2016 are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, certain information and disclosure normally included in consolidated annual financial statements prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRIC have been omitted or condensed.

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations as set out in Note 4 to the condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2017 and 2016. Effective January 1, 2016, the Company adopted the following new and revised IFRS that were issued by the IASB: IAS 1, *Presentation of Financial Statements*; IAS 16, *Property, Plant and Equipment*; and IAS 38, *Intangible Assets*. The application of the new and revised IFRS that were issued by the IASB and adopted by the Company effective January 1, 2016 did not have a material impact on the Company’s consolidated financial statements.

At the date of authorization of the consolidated financial statements, the IASB and IFRIC have issued a number of new and revised standards and interpretations as set out in Note 4 to the condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2017 and 2016, which could be applicable to the Company and are not yet effective for the relevant reporting periods. The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. These standards and interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning on or after the effective date of each pronouncement. The Company continues to monitor the development of IFRS with respect to any potential impact to the consolidated financial statements of the Company.

Financial Instruments and Other Instruments

Financial instruments include cash and cash equivalents, accounts receivable, long-term receivable, investments, accounts payable and redeemable preference shares. Financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification. Refer to Note 3(c) and Note 15(e) of the condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2017 and 2016 for financial instruments classifications and fair value measurements.

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currencies. The Company is exposed to currency risk primarily arising from sales, accounts receivable and accounts payable balances denominated in US dollars. During the period ended September 30, 2017, 98% (\$235,230) of the Company’s fee income was denominated in US dollars (2016 - 98% (\$238,110)). The Company does not use derivative instruments to hedge its exposure to this risk.

The Company is exposed to equity price risks arising from investments classified as available-for-sale. Such investments are held for strategic rather than trading purposes. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company uses its operating cash flows, cash balances, and support from its principal shareholder to maintain its liquidity.

Financial Instruments and Other Instruments (continued)

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The Company mitigates the risk associated with cash and cash equivalents by dealing only with large financial institutions with good credit ratings. To mitigate the risk associated with accounts receivable, the Company ensures counterparties demonstrate liquidity of available funds. In establishing the allowance for doubtful accounts, the Company considers the future collectability of the receivables. The majority of the accounts receivable balance is due from related parties and the historical level of customer defaults is minimal and, as a result, management believes the allowance is adequate.

The fair values of cash and cash equivalents, accounts receivable and accounts payable as at September 30, 2017 and December 31, 2016 approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of the long-term receivable as at September 30, 2017 and December 31, 2016 approximates its carrying value as it represents the amount that the Company would receive or pay to settle the loan with the counterparty. The fair value of the Company's investment in Vitality Products Inc. common shares is determined based on the closing share price of Vitality Products Inc. common shares on the date of the consolidated statement of financial position. The carrying value of this investment equals to its fair value given it is accounted for at fair value. The fair value of the Company's investment in Vitality Products Inc. Series 3 preference shares is determined based on the dividend discount approach which uses inputs from the active market. The fair value of the redeemable preference shares as at September 30, 2017 and December 31, 2016 approximates its value due to the demand feature of this obligation. The fair values of the remaining investments that that Company holds being the investments in partnerships cannot be measured reliably because they do not have a quoted price in an active market. The Company does not intend to dispose of these investments in the near future.

Disclosures Controls and Procedures and Internal Control Over Financial Reporting

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A, the financial statements for September 30, 2017 and 2016 and all related public filings.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing certificates are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Disclosure of Outstanding Share Data

At November 29, 2017, the Company has 6,006,703 issued and outstanding common shares.

At November 29, 2017, the Company has 4,000 issued and outstanding Series B preference shares. The Series B preference shares, with a redemption price of \$10 each, have a 6% per annum cumulative dividend payable annually commencing December 31, 1993, are redeemable by the Company, retractable by the holder after five years from issue and convertible by the holder into common shares of the Company at \$5.00 per common share. The Company may force conversion into common shares at the lower of the above price and the current market value price per common share. At November 29, 2017, the Company has aggregate cumulative preference share dividend arrears of \$57,600.

At November 29, 2017, the Company has 180,000 stock options outstanding. The stock options were awarded on June 4, 2013 to certain directors, officers, employees and consultants of the Company. The stock options entitle option holders to purchase up to 180,000 common shares of the Company at a price of \$0.10 per share for a period of five years.

Additional Disclosure of Financial Information

The following is supplementary financial information not included in the condensed consolidated interim financial statements for the periods ended September 30, 2017 and 2016:

<u>Office, administration and rent</u>	<u>2017</u>	<u>2016</u>
Bank charges	\$ 565	\$ 124
Fees and licenses	8,215	8,052
Insurance	562	365
Office expenses	7,195	4,319
Postage and courier	40	92
Printing	485	474
Rent	43,472	42,342
Stationary and supplies	1,750	951
Telephone	4,334	2,924
Transfer agent	<u>5,717</u>	<u>5,472</u>
	<u>\$ 72,335</u>	<u>\$ 65,115</u>

Directors and Officers

List of directors and officers of the Company:

Bruce J. McDonald, Surrey, British Columbia
Chairman of the Board and Director

W. Douglas Grant, Vancouver, British Columbia
President, Chief Executive Officer and Director

Cheryl A. Grant, Vancouver, British Columbia
Vice President, Chief Financial Officer, Secretary and Director

Stuart E. Pennington, Blaine, Washington
Director

Cheryl A. Grant was elected to the Board of Directors by the shareholders of the Company at the annual general meeting held on June 6, 2017. Cheryl A. Grant was appointed Vice President, Chief Financial Officer and Secretary of the Company by the Board of Directors effective June 6, 2017. Ms. Grant is currently Vice President, Chief Financial Officer, Secretary and a Director of Vitality Products Inc. She joined the Vitality team in 2012 and was instrumental in Vitality's commencement of distribution of its new line of natural health products in September 2013 by introduction of four products in key growth categories to the market. She has over 15 years of experience in marketing and communications. Prior to joining Vitality, Ms. Grant worked as the Marketing Communications Manager, Customer Experience at TELUS. Her other experience includes positions at Best Buy Canada, first as a Communications Specialist, then as a Community Relations Manager, and at Canadian Diabetes Association as the Lead, Team Diabetes. Ms. Grant is the sister of W. Douglas Grant and she is an executor of the Estate of William Neil Grant, a significant shareholder of the Company. Ms. Grant graduated from the University of British Columbia with a Bachelor of Arts degree (double major in English and Geography).

At the annual general meeting held on June 6, 2017, shareholders re-elected W. Douglas Grant, Bruce J. McDonald and Stuart E. Pennington as Directors of the Company for the ensuing year.

James W. F. Tutton resigned from the Board of Directors for personal reasons effective June 6, 2017. Mr. Tutton decided not to seek re-election at the 2017 annual general meeting and was a Director of the Company since 1993. Mr. Tutton was also Vice President, Chief Financial Officer and Secretary of the Company. The Board wishes to express its appreciation for Mr. Tutton's years of service to the Company.

Investor Relations

We appreciate your continued support. Investor relations activities are limited to the Company's quarterly reports and news releases.

On behalf of the Board of
Consolidated Firstfund Capital Corp.

“W. Douglas Grant” (signed)

W. Douglas Grant
President & CEO
November 29, 2017