

GAINEY CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Nine Months Ended December 31, 2017 and 2016

Amended and restated September 6, 2018

**GAINEY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017 AND 2016**

This Management Discussion and Analysis ("MD&A") of Gainey Capital Corp. (the "Company") provides analysis of the Company's financial results for the nine months ended December 31, 2017 and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and the notes thereto for the nine months ended December 31, 2017, which are available on SEDAR at www.sedar.com. This MD&A is current as at September 6, 2018, the date of preparation.

The December 31, 2017 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

DESCRIPTION OF BUSINESS AND OVERVIEW

Gainey Capital Corp. ("Gainey" or the "Company") is in the business of mineral property exploration and development in Mexico. Gainey was incorporated under the Business Corporations Act (British Columbia) on February 11, 2011 and is publicly listed on the TSX Venture Exchange (the "Exchange") under the symbol GNC.

Acquisition of Golden Anvil Assets

On October 21, 2011, the Company announced the signing of a letter of intent with Golden Anvil S.A. de C.V. ("Golden Anvil"), a Mexican-incorporated entity as the Company's Qualifying Transaction. On October 4, 2012, the Company entered into a definitive asset purchase agreement with Golden Anvil, amended on June 3, 2013 (the "Amended Agreement") pursuant to which the Company would acquire certain assets comprising certain mineral concessions located in the western portion of the Sierra Madre Occidental mountain range (the "El Colomo concessions"), and a concentration plant and associated equipment located in Huajicori, Nayarit, Mexico (the "Assets").

On October 2, 2013, the Company completed its Qualifying Transaction in accordance with Policy 2.4 of the Exchange with the acquisition of the Assets pursuant to the Amended Agreement. Consideration paid by the Company to acquire the Assets was as follows:

- Issued 12,000,000 common shares in the capital of the Company to Golden Anvil nominees (the "Consideration Shares"). The Consideration Shares were valued at \$0.50 per common share for an aggregate value of \$6,000,000, which was capitalized as exploration and evaluation assets during the period; and
- Issued a special warrant of the Company to Golden Anvil. The special warrant is convertible, for no additional consideration, from time to time, into that number of common shares of the Company equal to the number of ounces of gold or gold-equivalent, categorized as measured and indicated mineral resources (as such terms are defined by the Canadian Institute of Mining, Metallurgy and Petroleum), upon receipt by the Company and/or Golden Anvil of a technical report prepared in accordance with National Instrument 43-101 by an independent Qualified Person (as defined in NI 43-101) in relation to the El Colomo concessions on or before September 27, 2019, subject to an aggregate maximum of three million common shares. No value has been attributed to the special warrant on the consolidated financial statements.

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The Consideration Shares and special warrant issued are subject to surplus escrow agreements pursuant to Exchange policy, and to an additional 100% lock-up agreement that expires on the first anniversary of completion of the Qualifying Transaction. The Consideration Shares and any shares issued on the conversion of the special warrant were to be released in various tranches as more specifically described in the notes to the financial statements.

The Company also issued 665,000 common shares to Avonlea Ventures Inc. ("Avonlea"), an arm's length party, as a finder's fee with respect to the acquisition of the Assets. The common shares were valued at \$0.50 per common share for an aggregate value of \$332,500, which was capitalized as exploration and evaluation assets during the period. The Avonlea shares are subject to resale restrictions such that 10 percent of the shares are free of resale restrictions on the date of the final exchange bulletin and an additional 15 percent of the shares are free of resale restrictions each six-month period thereafter.

Current Operations

On October 15, 2017, the Company announced that it commenced its Phase II exploration program at the El Colomo Gold-Silver project ("El Colomo") in the States of Nayarit and Durango, Mexico. The Phase II program will be divided into four stages, as follows:

Stage 1 - Detailed mapping program along the known Golden Corridor, paying particular focus on the El Arrayan, Las Minitas, La Bufa and El Guayabo mineralized zones, located 1.2 km to the south-southeast of the La Nueva Victoria and La Higuera mineralized zones which have been drill tested by Gainey and have encountered gold and silver mineralization.

Stage 2 - Detailed mapping and rock chip sampling to the north of El Colomo's Golden Corridor where four anomalous gold showings have been identified through the Company's stream sediment sampling program. Highlights from this program include anomalous gold values of 129 ppb ("parts per billion"), 115 ppb, 74 and 75 ppb.

These results were encountered in the State of Durango in an area 1.5 km wide by 2.5 km long of strongly argillically-altered and iron-stained volcanic rocks cut by multiple northwest-trending quartz veins. These altered areas, called Las Lajitas-Masparillo, El Verano-Los Aguacates y El Corpo-Encino Prieto, appear to be on-strike with, and may be an extension of, a 2.5 to 4 km to the Northwest of the mineralized called the Golden Corridor which includes the La Nueva Victoria, La Higuera, El Arrayan-Las Minitas and La Bufa-El Guayabo mineralized zones.

Stage 3 - Stream sediment sampling to the west-northwest of the known Golden Corridor where the Company has completed exploration work on more than 3,000 hectares including mapping, sampling, and drilling.

Stage 4 - Drilling program of approximately 3,000 m testing the targets at El Arrayan-Las Minitas and La Bufa-El Guayabo mineralized zones.

During the current period, the Company announced the completion of the mapping and sampling portion of the Phase II exploration program at the El Colomo Gold-Silver project ("El Colomo") located in the States of Nayarit and Durango, Mexico. Fieldwork was finalized in early November, and assay results have now been received. Results will be released once they have been assembled and reviewed in conjunction with prior exploration work. In addition to advancing the El Colomo project, the company has also been actively reviewing projects located throughout western Mexico with the goal of acquiring additional properties to add to the company's exploration pipeline. Projects are being considered on the basis of exploration potential and acquisition costs to minimize risk to capital while ensuring a reasonable probability of identifying an economic deposit.

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Exploration and Evaluation – Use of Private Placement proceeds to December 31, 2017

Cash balance, March 31, 2017	\$	8,604
Net proceeds from financing during the nine-month period		1,334,726
Exploration and evaluation assets expenditures		(377,556)
General corporate activities		(199,826)
Cash balance, December 31, 2017	<u>\$</u>	<u>765,948</u>

During the current period, the Company’s VP of Exploration, Mr. Metzenheim, toured the El Colomo property, reviewed work completed to date, and evaluated work proposed as part of the Phase II exploration program. The tour included a review of the previously drilled La Nueva Victoria and La Higerita zones and related drill core, field review of the El Arrayan, Las Minitas, La Bufa, and El Guayabo zones, and an overview of the exploration potential to the north and northwest of the Golden Corridor, where prior reconnaissance stream sediment sampling has identified several drainage basins with anomalous gold. Rafael Gallardo, Senior Geologist with Minera Cascabel S.A. de C.V., led the tour and has directed exploration work on the project in the past.

In conjunction with the project review by Mr. Metzenheim, field crews from Minera Cascabel were mobilized to the project and completed geologic mapping, rock chip sampling, and stream sediment sampling. The work was designed to elevate zones within the Golden Corridor to the drill stage, identify additional mineralized zones outside the Golden Corridor, and to evaluate large areas of the company's claims where no known modern exploration work has been carried out. The majority of the program was carried out as planned, though a portion of the reconnaissance work had to be postponed due to high water flows in the larger arroyos and rivers following the rainy season. A total of 64 rock chip and 13 stream sediment samples were collected. Fieldwork was finalized in early November, and assay results have now been received. Results will be released once they have been assembled and reviewed in conjunction with prior exploration work.

In addition to advancing the El Colomo project, the company has also been actively reviewing projects located throughout western Mexico with the goal of acquiring additional properties to add to the company's exploration pipeline. Projects are being considered on the basis of exploration potential and acquisition costs to minimize risk to capital while ensuring a reasonable probability of identifying an economic deposit.

Concessions

The El Colomo Property is made up of six claims for a total of 18,018.2382 hectares. Gainey Capital has been assigned the rights to explore the but has not registered the concessions under the Company name with the Public Registry of Mines (“PRM”) in Mexico as these mineral concessions are registered with the PRM under the name of Golden Anvil.

Not having the claims registered in Gainey Capital’s name protects the Company against potential lawsuits, hidden liabilities, and other similar problems while maintaining the ongoing ability to do exploration work.

As per the Qualifying transaction and the notarized Buy/Sell Agreement, Minera Buena Fortuna, S.A. de C.V., the Company’s wholly-owned subsidiary, has legal authorization to transfer the concessions into its name and the right to do exploration work on the property.

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The approximate total back taxes due for each claim up through the second semester of 2018 (due date - July 2018) is as follows:

Claim Name	Surface Area (Has.)	Approx. Total Taxes Due Through 2nd Quarter 2018 (July 2018)		Exploration expenditures to date
		Mexican Pesos	Canadian funds	Canadian funds
La Bufa	14.7669	\$4,900	\$335	\$65,616
El Arrayan	50.0	\$25,000	\$1,710	\$188,755
La Nueva Victoria	59.0	\$62,000	\$4,200	\$876,690
Filomeno	403.2535	\$430,000	\$29,400	\$171,175
La Chata	13,491.22	\$1,550,000	\$106,000	\$389,529

With respect to the Manos Arriba claim (expenditures to date are \$389,529), the Company has determined that no taxes will be paid and the claims will be dropped due to poor exploration results.

With respect to the La Chata claims, the VP of Exploration has recommended dropping these claims as well also due to no significant mineralized zone having been identified on this claim.

The remaining claims (La Bufa, El Arrayan, La Nueva Victoria, and Filomeno) should be maintained and the back taxes paid. These claims cover all of the core targets at El Colomo and are critical to maintaining this property.

Exploration and Evaluation Assets

	December 31, 2017	December 31, 2016
Acquisition Costs	\$ 5,743,598	\$ 5,743,598
Deferred Exploration Costs	2,456,691	1,866,517
	\$ 8,200,289	\$ 7,610,115

	December 31, 2017	March 31, 2017
Acquisition Costs	\$ 5,743,598	\$ 5,743,598
Deferred Exploration Costs	2,456,691	2,094,320
	\$ 8,200,289	\$ 7,837,918

For a comprehensive breakdown of exploration and evaluation costs, please refer to Note 7 of the unaudited consolidated interim financial statements for the nine months ended December 31, 2017.

Promissory Note

In connection with the acquisition of the Assets, the Company has received a signed Promissory Note (the "Note") in the amount of \$266,215 from Golden Anvil. The Note reflects certain amounts paid by the Company on behalf of Golden Anvil for duties and taxes, unpaid consulting fees associated with a 43-101 Technical Report completed, 50% of certain sponsorship fees incurred as well as other expenses. These costs were paid by the Company but were incurred by Golden Anvil prior to the finalizing of the Qualifying Transaction which closed in September 2013.

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The Note has an interest rate of 12% per annum compounded monthly and as of December 31, 2017, this debt, including interest and a reclassified loan receivable (per below), amounts to \$442,204 (2016 - \$392,434). The Note is secured by 800,000 Consideration Shares (“Pledged Shares”) and personally guaranteed by Marco Antonio Rincon-Valdes (a former director of the Company – Note 11) and Francisco Rolando Rincon-Romo. Pursuant to the Note, Golden Anvil had agreed to repay 50% of the original balance on or before October 2, 2014, and the remaining 50% on or before April 2, 2015. Payment was not made, and the Company has taken action pursuant to the personal guarantees and if necessary, the Company may realize on the Pledged Shares. The Company had previously accounted for the costs paid in connection with the Note as part of exploration and evaluation assets, as there was uncertainty as to the collectability of the Note. Any amounts recovered from Golden Anvil will be offset against the carrying value of the Company’s exploration and evaluation assets.

During the year ended March 31, 2017, the Company received notice of a claim from Marco Antonio Rincon-Valdes seeking the delivery of 571,337 common shares in the capital of the Company pursuant to the original terms of the El Colomo purchase agreement, as well as for general damages associated with a claimed breach of the purchase agreement. As at March 31, 2017, no provisions have been recorded for any potential liability arising from this matter, as management believes the claim to be without merit, with the likelihood of the Company being required to issue the common shares and pay the general damages being remote.

During the year ended March 31, 2016, the Company reclassified a loan receivable in the amount of US\$75,994 (CAD\$92,279) to exploration and evaluation assets, as the Company is not certain as to the collectability of the loan. The loan was made in addition to the Note, and was associated with additional costs paid on behalf of Golden Anvil in respect of the Assets on September 27, 2013 and was to be repaid within six months. Accordingly, by reclassifying the amount the Company is treating these amounts as part of their costs of exploration of the Assets.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company’s financial operations. For more detailed information, refer to the Financial Statements.

	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2015
Total revenue	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the year	(852,084)	(865,322)	(366,916)
Loss per share – basic and diluted	(0.02)	(0.02)	(0.01)
Total assets	8,415,449	8,769,273	9,326,477
Total liabilities	166,986	66,226	106,064

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

The Company’s recorded loss for the financial years ended March 31, 2017, 2016 and 2015 is comprised mainly of general and administrative expenses. The reported net loss for 2017 and 2016 includes share-based compensation expense of \$303,800, and \$248,935, respectively, whereas no share-based compensation expenses were incurred in 2015. The Company reduced its expenditures on travel and shareholder and investor relations during the years ended March 31, 2017 and 2016 compared to the amounts incurred during the year ended March 31, 2015. During the year ended March 31, 2015, the Company received an advance payment of \$99,495 (US \$90,000) for ore processing and bulk sampling services. The Company rendered the services during the year ended March 31, 2015 and accordingly recorded the amount as processing income of \$201,574, net of processing costs of \$56,619, which offset an operating loss of \$638,330.

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SUMMARY OF QUARTERLY RESULTS

Selected financial indicators for the past eight quarterly periods are shown in the following table (expressed in Canadian dollars):

	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss for the period	(92,869)	(98,054)	(90,706)	(145,276)
Loss per share – basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	\$ 9,458,463	\$ 9,758,806	\$ 8,351,631	\$ 8,415,449
Total liabilities	\$ 137,203	\$ 360,226	\$ 166,986	\$ 166,986

	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss for the period	(142,603)	(455,282)	(108,923)	(300,223)
Loss per share – basic & diluted	(0.00)	(0.01)	(0.00)	(0.00)
Total assets	\$ 8,499,687	\$ 8,647,601	\$ 8,664,438	\$ 8,769,273
Total liabilities	\$ 105,948	\$ 111,259	\$ 70,314	\$ 66,226

During the three months ended September 30, 2016, the Company recorded \$303,800 in shared based compensation and \$24,807 resulting in a higher loss over the other quarters presented in the table above. For the three months ended March 31, 2016, the Company recorded amortization of \$31,682 and \$21,335 for share-based compensation. Fluctuations in the Company's expenditures reflect the variations in the timing of exploration activities and general operations, and the ability of the Company to raise capital for its projects, including share-based payments during certain quarters.

The Company's general and administrative expenditures are related to the level of financing and exploration activities that are being conducted, which may in turn depend on the Company's exploration prospects, as well as general market conditions relating to the availability of funding for exploration-stage resource companies. The Company does not acquire properties or conduct exploration work on its properties on a pre-determined basis. Thus, there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Other than as herein disclosed, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company's expenses, income from investing, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

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RESULTS OF OPERATIONS

For the three-month periods ended December 31, 2017 and 2016

For the three months ended December 31, 2017, the Company incurred a net loss of \$92,869 compared to a net loss of \$144,268 for the three months ended December 31, 2016. Increases were realized in regulatory and legal fees for the processing of private placement documents. Decreases were realized in all other categories.

During the current three-month period amortization costs were capitalized to exploration, whereas prior year costs were expensed during the prior three-month but then were reclassified to exploration costs for the year ended March 31, 2017 resulting in a reduction of \$24,807 in expenses during the current period.

The Company realized decreases in audit fees which were expensed during the 2nd quarter of the current year as opposed to the balance of the audit fees being recorded during the 3rd quarter of the prior year; office expenses decreased during the current three-month period due to a reduction in bank charges and general office expenses; shareholder and investor relations decreased during the current three-month period over the prior three month period as the Company did not renew contracts with newsletter writers, while legal and regulatory fees increased during the course of the private placement.

During the three-month period ended December 31, 2017, the Company incurred \$119,125 (2016 - \$135,429) in exploration costs on its El Colomo property in Mexico, the majority of these costs were for site personnel and geological fees.

On December 13, 2017, the Company announced that a project review was completed by Mr. Brian Metzenheim, Gainey's recently appointed VP of Exploration.

On December 19, 2017, the Company announced that it had entered into a non-binding Letter of Intent ("LOI") with Asteria Mining Services, S.A.P.I. de CV of Mazatlán, Sinaloa ("AMS") to acquire 100% of the La Minita Copper /Gold/Silver Property ("La Minita" or "the Property") located in the state of Sinaloa, Mexico. The Property is comprised of five mineral claims or applications encompassing approximately 9,200 hectares located 80 kilometers to the southeast of Mazatlán. The Property borders Marlin Gold's La Trinidad mine property to the northeast and Agnico Eagle's El Coral property to the southeast. Furthermore, on February 28, 2018, the Company announced that in light of other opportunities presented, the company elected to not move forward with the La Minita property located in Sinaloa, Mexico.

For the nine-month periods ended December 31, 2017 and 2016

For the nine months ended December 31, 2017, the Company incurred a net loss of \$261,929 compared to a net loss of \$706,808 for the nine months ended December 31, 2016. Increases were realized in shareholder & investor relations costs. Decreases were realized in office expenses, professional fees, and regulatory fees.

During the current nine-month period, the Company incurred \$362,371 (2016 - \$504,877) in exploration costs on its El Colomo property in Mexico, the majority of these costs were for duties and taxes on the mineral claims, site personnel, geological fees, and legal fees.

During the current nine-month period amortization costs were capitalized to exploration, whereas prior year costs were expensed during the prior three-month but then were reclassified to exploration costs for the year ended March 31, 2017 resulting in a reduction of \$74,422 in expenses during the current period.

The Company realized decreases in audit and legal fees, and office expenses the current nine-month period over the same period of the previous year while realizing an increase in shareholder and investor relations costs.

During the prior nine-month period, the Company granted stock options and recorded \$303,800 in share-based payments whereas no options were granted during the current nine-month period.

On May 17, 2017, the Company announced the addition of Mr. Mark Bailey to its Advisory Board. Mr. Bailey holds a Master's degree in geology and is a registered professional geologist with over 40 years of experience.

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On August 24, 2017, the Company closed the first tranche of a private placement by issuing 10,033,333 shares at a price of \$0.12 for gross proceeds of \$1,204,000. Each Unit is comprised of one common share and one common share purchase warrant, each Warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.24 per share for a period of 36 months. All securities issued in connection with the Offering will be subject to a statutory four-month plus one-day hold period. The proceeds of the offering will be used for exploration activities at the Company's 100%-owned El Colomo project located in Nayarit and Durango in Western Mexico.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

At December 31, 2017, the Company had a cash balance of \$765,948 (March 31, 2017 - \$8,604) to settle current liabilities of \$137,203 (March 31, 2017 - \$166,986). The Company expects to fund these liabilities and its exploration and operational activities through the issuance of capital stock over the coming year.

At December 31, 2017, the Company's cash and cash equivalents increased by \$757,344 to \$765,948 from \$8,604. Cash used in investing activities was \$377,556 (2016 - \$486,353) for deferred exploration costs on the Company's exploration and evaluation assets. The Company received net proceeds of \$1,012,950 (2016 - \$Nil) for the closing of the first tranche of its private placement as well as receiving \$321,776 (2016 - \$Nil) in subscription funds for the second tranche of the placement.

At December 31, 2017, the Company held cash and cash equivalents of \$765,948, had working capital of \$701,640, has not yet achieved profitable operations, has commitments due in the coming fiscal year, and had an accumulated deficit of \$3,552,507 since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

With respect to the duties and taxes on the remaining concessions, since the Company has not taken title to these concessions as yet, there is no liability to record at this time which limits any risks if payment is not made. The Company will continue to evaluate the remaining concessions and will not assume any duty and tax liabilities until it has determined whether or not the properties should be further explored or abandoned.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to advance its mineral property interests, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The Company does not derive any revenues from operations and does not expect to generate any revenues from operations in the foreseeable future. The Company has no material income from operations.

The Company's financial performance is dependent upon many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, and impacted by changes in domestic and international political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production are difficult to predict. Changes in events could materially affect the financial performance of the Company.

The Company's mineral exploration activities have provided the Company with no sources of income and a history of losses and deficit positions. However, given the nature of its business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of the Company's performance and valuation.

The Company is dependent on raising funds through the issuance of shares and/or debt instruments or disposing of interests it has in exploration and evaluation assets in order to finance further acquisitions, undertake exploration and development activities on exploration and evaluation assets and meet general and administrative expenses in the long term.

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There is no assurance that additional funding will be available to allow the Company to fully explore its exploration and evaluation assets. Failure to obtain financing could result in the delay or indefinite postponement of further exploration and the possible partial or total loss of the Company’s interest in certain properties. The Company may be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized.

Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

RELATED PARTY TRANSACTIONS

The remuneration of key management personnel, being those persons determined as having authority and responsibility for planning, directing and controlling the activities of the Company during the nine months ended December 31, 2017 and 2016 is as follows:

	Nine Months Ended	
	December 31, 2017	December 31, 2016
Compensation paid to David Coburn, Chief Executive Officer (“CEO”)	\$ 116,190	\$ 118,208
Compensation paid to Michele Pillon, Chief Financial Officer (“CFO”)	22,500	22,500
Share-based payments	-	93,584
	\$ 137,190	\$ 234,292

Related party balances

As at December 31, 2017, a total of \$11,768 (2016 – \$146,892) has been advanced to the CEO of the Company for future exploration and travel expenses and \$21,000 (2016 - \$Nil) is owing to the CFO of the Company.

See Note 7 for details in regards to a Promissory Note with Golden Anvil, a company with a director, Mr. Marco Antonio Rincon-Valdes, who was a former director of the Company.

SUBSEQUENT EVENTS

On January 11, 2018, the Company announced the closing of the second, and final tranche, of its previously announced non-brokered private placement by issuing an additional 4,132,316 units at a price of \$0.12 per unit to raise gross proceeds of \$495,878 with all securities issued having a four-month hold period. Total gross proceeds of the Offering are \$1,699,558 with a total of 14,162,986 shares, 14,162,986 warrants, and 325,000 Finders’ Warrants being issued.

With respect to finders’ fees, the Company paid an aggregate of \$30,000 in cash and issued 325,000 Finders Warrants in connection with the Offering. The Company issued 250,000 Finders’ warrants exercisable at a price of \$0.16 for a period of 24 months, and 75,000 Finders’ warrants at an exercise price of \$0.24 for a period of 36 months.

FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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As at December 31, 2017 the carrying values of the Company's loan receivable and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted inputs.

Financial Risks

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. At December 31, 2017, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. At December 31, 2017, the Company had working capital of \$701,640 (March 31, 2017 – Deficiency of \$52,709). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2017, the Company has adequate working capital to discharge its existing financial obligations. At December 31, 2017, the Company had a cash balance of \$765,948 (March 31, 2017 - \$8,604) to settle current liabilities of \$137,203 (March 31, 2017 - \$166,986).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At December 31, 2017, the Company was not exposed to significant interest rate risk.

The Company is principally engaged in the acquisition and exploration of exploration and evaluation assets in Mexico. To date the operating expenditures have been denominated in Canadian dollars. In the future, due to the location of operations, the Company may experience exposure to foreign exchange rate fluctuations for expenditures in foreign currencies against the Canadian dollar as the functional currency of the business entity.

Mining concessions

The Company continues to evaluate its current mineral concession package with respect to some of the other opportunities that are being presented at this time. Failure to move forward with certain mineral concessions will not impact our operations as we will only eliminate the mineral concessions that have no exploration potential and therefore no value.

Due diligence

The Company has been working continuously on its due diligence and expects to have it completed during fiscal 2019. The land package covers a large area with some extreme geological challenges which has made for slow progress.

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GOING CONCERN

To date the Company has not generated any significant revenues and is considered to be in the exploration and evaluation stage. The Company has sustained operating losses since inception and, as at December 31, 2017, has an aggregate operating deficit totaling \$3,552,507 (March 31, 2017 - \$3,290,578). The continuing operations of the Company are dependent upon its ability to raise adequate financing. Management is also aware that material uncertainties exist, related to current economic conditions, which cast doubt about the entity's ability to continue to finance its activities.

NEWLY ADOPTED ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICIES

Please refer to Note 4 and 5 of the consolidated financial statements for the nine months ended December 31, 2017 posted on www.sedar.com.

CAPITAL COMMITMENTS

The Company has no commitments for equipment expenditures for fiscal 2018. The Company has forecasted that any property and equipment expenditures based on future needs will be funded from working capital and/or from operating or capital leases.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the financial statements, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary has been determined to be the Canadian dollar.

Key sources of estimation uncertainty

Significant estimates made by management affecting our consolidated financial statements include:

Share based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized.

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The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Recoverability of exploration & evaluation assets

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

SHARES AND SHARE-BASED UNITS

The Company has the following common shares, stock options, and share purchase warrants outstanding as at February 28, 2018:

Common shares:	-	58,618,940
Escrow shares:	-	6,673,698
Stock Options:	-	4,225,000
Warrants:	-	28,835,486

RISKS AND UNCERTAINTIES

The Company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties are considered by management to be the most important in the context of the Company’s business. The risks and uncertainties are not limited to but include risks associated with our dependence on the Golden Anvil Project in Mexico are: geological exploration and development; changes in law; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

Even though the Company has not registered the concessions in Mexico with the Public Registry of Mines (“PRM”), there is no risk to the Company at this time. The concessions are currently registered with the PRM under Golden Anvil and Gainey Capital has acquired an option to purchase the assets in our Asset Purchase Agreement with Golden Anvil when Gainey is certain it wants to move forward with these assets. By using this strategy, the Company eliminates any risk that may arise with respect to the properties prior to completing a full due diligence on each concession.

With respect to the outstanding duties and taxes, based on regular communications between PRM and our Mexican legal counsel, once the above-noted due diligence has been completed on each of the concessions, Gainey has the option to pay the outstanding amounts and move forward with exploring the concessions.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains “forward-looking information” (also referred to as “forward-looking statements”) within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management’s current expectations and plans and allowing investors and others to get a better understanding of the Company’s operating environment. All statements, other than statements of historical fact, are forward-looking statements.

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In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: regulatory and permitting considerations, financing of the Company's acquisitions and other activities, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information as well as other risks and uncertainties referenced under "Risks and Uncertainties" in this MD&A.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below and including those referenced in the "Risks and Uncertainties" section of this MD&A, and, as a result they may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- financing, capitalization and liquidity risks;
- mineral exploitation and exploration program cost estimates;
- the nature and impact of drill results and future exploration;
- regulatory risks relating to mineral tenure, permitting, environmental protection, taxation, and royalties;
- volatility of currency exchange rates, metal prices and metal production;
- other factors referenced under "Risks and Uncertainties"; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedar.com.