

STEM 7 CAPITAL INC.
(Formerly Canada Gold Corp.)

MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

July 27, 2017

GENERAL

The following Management Discussion and Analysis (“MD&A”) supplements the financial statements (“the Financial Statements”) of Stem 7 Capital Inc (the “Company”) and the notes thereto for the three months and six months ended June 30, 2017 which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. All figures in this MD&A are expressed in Canadian dollars except where otherwise indicated. This MD&A does not form a part of the Financial Statements and therefore should be read in conjunction with the Financial Statement report for the three months and six months ended June 30, 2017 which discusses and analyses the financial condition and results of operations of STEM 7 Capital Inc. These documents and additional information are available on SEDAR at www.sedar.com.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

STEM 7 Capital Inc. (formerly Canada Gold Corp.) was incorporated under the *Company Act* of British Columbia on November 8, 1984. The Company is a reporting issuer in British Columbia and Alberta, and is listed on the NEX Board of the TSX Venture Exchange in Canada (STS.H), the Frankfurt Stock Exchange in Germany (T9NB) and the OTC Bulletin Board in the United States (CNGZF).

On May 29, 2013, the Company announced that it was changing its business from a Mining Issuer to an Investment Issuer and intended to become a Canadian, publicly traded, global investment company. As part of this change in business, on July 9, 2013, the Company changed its name to STEM 7 Capital Inc. On November 7, 2013, the Company announced the termination of the Change of Business.

On January 12, 2015, the Company consolidated its issued and outstanding common shares on a ten (10) existing shares for one (1) new share basis. Following the share consolidation, the Company had 2,633,342 common shares issued and outstanding. Numbers in this MD&A have been retroactively adjusted to reflect the share consolidation.

On April 24, 2016, the Company announced the signing of a letter of intent to acquire all the issued and outstanding shares of GetCarbids Inc. On January 5, 2017, subsequent to year end, the Company announced the termination of the GetCarbids transaction.

On June 1, 2017, the Company announced its' intention to focus on the growing mining industry in Brazil. On June 29, 2017, the Company announce that it has entered into a letter of intent to acquire a 100% interest in the advanced stage Santa Cruz graphite project located in the state of Bahia, Brazil for the equivalent of US\$5,050,000 payable in common shares of Stem 7 Capital. The terms of the acquisition are detailed in the accompanying quarterly financial statements ending June 30, 2017 and the press release dated June 29, 2017.

OVERALL PERFORMANCE & RESULTS OF OPERATIONS

Three Month Period Ended June 30, 2017

During the three month period ended June 30, 2017 (“Q2 2017”), the Company incurred a loss of \$496,339 or \$0.05 per share compared to a loss of \$11,742 or \$0.00 per share during the period ended June 30, 2016 (“Q2 2016”). The majority of this loss, \$413,280 was the result of non-cash share-based payments (options granted),

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MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

and increased business development/property investigation fees of \$25,012 (2106 nil). During the current period, the Company reported accounting and audit fees of \$3861 (2016: \$8380), interest and bank charges \$113 (2016: \$114), legal \$17,729 (2016: -\$1947), administrative costs \$654 (2016: \$357) and transfer agent and listing fees \$8940 (2016: \$4789), travel of \$1150 (2016: \$50).

Six Month Period Ended June 30, 2017

During the six month period ended June 30, 2017, the Company incurred a loss of \$517,355 or \$0.06 per share compared to a loss of \$4695 or \$0.00 per share for the six month period ending June 30, 2016. The majority of the loss, \$413,280, is attributed to non-cash, share based payment as a result of the granting of incentive options. During the six month period, the Company reported accounting and audit fees of \$7717 (2016: -\$4714), interest and bank charges of \$204 (2016: \$169), business development fees of \$31,100 (2016: \$nil), legal fees of \$24,407 (2016: -\$1947), office/administration fees of \$901 (2016: \$756), property investigation fees of \$25,012 (2016: \$nil), transfer agent and listing fees of \$12,585 (2016: \$10,381), and travel of \$1150 (2016: \$50).

Since the start of fiscal 2014 management has opted to forego management fees while the Company focuses on reducing debt and seeking potential opportunities.

SUMMARY OF QUARTERLY RESULTS

The table below present's selected financial data for the Company's eight most recently completed quarters, all information was prepared in accordance with IFRS.

	June30, 2017 \$	Mar 31, 2017 \$	Dec 31, 2016 \$	Sept 30, 2016 \$	June 30, 2016 \$	Mar 31, 2016 \$	Dec 31, 2015 \$	Sept 30, 2015 \$
Financial results								
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for period	517,355	21,017	3,582	(6,129)	11,742	(7,047)	8,998	8,034
Basic & diluted loss per share	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Statement of Financial Position								
Cash	361,565	3,168	4,152	2,838	5,726	2,447	2,502	6,432
Exploration & evaluation assets		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total assets	373,282	7,120	7,040	7,064	9,542	7,394	6,686	8,724
Equity	327,624	(104,318)	(83,301)	(79,718)	(85,847)	(134,106)	(141,153)	(282,275)

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2017, the Company had current assets totaling \$373,282, consisting of \$361,565 in cash, \$5,217 in receivables, \$6,500 in prepaid expenses and reported working capital of \$327,624. The Company does not have cash flow from operations due and equity financings have been the sole source of funds.

Current liabilities as at June 30, 2017 consist of accounts payable and accrued liabilities totalling \$45,658.

The Company has sufficient working capital to be able to meet its commitments and but will require additional capital to fund its announced acquisition objectives which is expected to be raised through additional equity financings.

Additional funds will be required to pursue the announced business opportunities and cover general administrative and corporate operating requirements. Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities there can be no certainty equity funding will be available to the Company or if available funding will be on acceptable terms. Management believes it will be able to raise equity capital as required, but recognizes that there will be risks which may be beyond its control.

STEM 7 CAPITAL INC.
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MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

GOING CONCERN

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further property evaluations or pursue other business opportunities as they arise. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its plans by issuance of share capital or other means. As at June 30, 2017, the Company had an accumulated deficit of \$16,143,521 and had working capital of \$327,624. In the opinion of management, the current working capital is insufficient to support the Company's announced business objectives and provide general administrative and corporate operating requirements on an on-going basis for the next 12 months. Management plans to secure necessary financing through the issuance of new equity instruments and/or entering into joint venture arrangements. There is no assurance that the Company will be successful in securing additional funding.

COMMITMENTS

Other than obligations disclosed in the Financial Statements and elsewhere in this MD&A the Company does not have any commitments.

OFF - BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere are as follows:

Included in accounts payable and accrued liabilities at June 30, 2017 is \$6,113 (December 31, 2016 - \$13,908) due to both current and former officers, directors or companies with a director in common for cash advances, unpaid consulting fees and unpaid expenses.

Key management personnel consist of the officers of the Company and the Company's Board of Directors.

During the three months ended March 31, 2017 and the year ended December 31, 2016 there was no key management personnel compensation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

STEM 7 CAPITAL INC.
(Formerly Canada Gold Corp.)

MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

CHANGES IN ACCOUNTING POLICIES

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2017. These new standards and interpretation are being evaluated, but not expected to have a material effect on the financial statements of the Company. The Company intends to adopt the following standard and amendments when effective:

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 Financial Instruments- IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

FINANCIAL AND OTHER INSTRUMENTS

As at June 30, 2017, the Company's financial instruments include cash and accounts payable. During the year ended December 31, 2016, the Company wrote off \$26,516 of significantly aged payable balances which the Company believes meet the definition of a liability. As a result a gain on write-off of accounts payable was recognized in comprehensive loss for year ended December 31, 2016.

As at June 30, 2017, the classification of the financial instruments, as well as their carrying value and their fair values, with comparative figures for December 31, 2016 are shown below:

	June 30, 2017		December 31, 2016	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets				
	\$	\$		
Cash	361,565	361,565	\$ 4,152	\$ 4,152
Financial Liabilities				
Accounts payable	\$ 45,658	\$ 45,658	\$ 67,693	\$ 67,693
Short-term loans	-	-	-	-

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MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

FINANCIAL RISK AND UNCERTAINTIES

Interest Rate and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places the cash with rated financial institutions.

Currency Risk

The Company may be exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at June 30, 2016, the Company did not have any significant monetary assets and liabilities denominated in a foreign currency.

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's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The Company is exposed to market risk in holding its marketable securities, and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

NON FINANCIAL RISKS AND UNCERTAINTIES

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The risks and uncertainties described in this section are not inclusive of all risks and uncertainties to which the Company may be subject. For more information of the risks and uncertainties to which the Company may be subject please refer to the Company's MD&A for the financial year ended December 31, 2016.

Six Month Activities to June 30, 2017

On April 13, 2017, the Company announced it had arranged a non-brokered private placement financing consisting of 7,500,000 units at a price of \$0.05 per unit for total proceeds totalling up to \$375,000. Each unit will consist of a share and one full warrant, exercisable at \$0.10 per share, expiring 12 months from the closing of the private placement. On May 2, 2017, the Company announced that it had increased the amount of the non-brokered private placement from \$375,000 to \$425,000, from 7,500,000 units to 8,500,000 units.

The Company also announced that it had reached agreement with Sun Tzu Ventures Inc. (wholly owned by Dave McMillan, CEO), to loan the company \$90,000 which will be used to pay all the Company's existing liabilities as of Feb 28, 2017. The loan will be unsecured and non-interest bearing. This loan will be settled by the issuance of 1,200,000 common shares of the Company. On April 5, 2017, the TSXV approved the shares for debt and on May 9, 2017, the Company issued the common shares to Sun Tzu Ventures, subject to a four month hold.

On April 13, 2017, Mr. Eric Allison, BS Geology & MS Marine Geology, joined the Board of Directors. Mr. Allison has over 36 years of experience in the natural resource industry working in various technical, business and project development and management roles. Mr. Allison currently provides consulting services to a variety of companies, funds, project developers and individuals on a global basis.

On May 30, 2017 the company closed the private placement in the amount of \$425,000 consisting of one share and one full warrant exercisable at \$0.10 for 12 months. In addition to a four month hold, all subscribers have

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MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

entered into a voluntary pooling agreement with the company whereby the common shares are subject to a 20% release every 3 months starting Dec 1, 2017. The company also announced the granting of incentive stock options to certain directors, officers and consultants to purchase up to 1,600,000 common shares under the company's incentive stock option plan. These options were granted for a period of five years, commencing May 30, 2017, exercisable at \$0.30 per share.

On May 30, 2017, Mr Allan Fabbro resigned from the Board of Directors due to additional business commitments. Stem 7 thanks Mr. Fabbro for his contributions over the years.

On May 30, 2017, Mr. Allen Ambrose was appointed to the Board of Directors. Mr. Ambrose is a licensed, registered professional geologist with over three decades of exploration and mining industry experience throughout North and South America.

On June 1, 2017, the Company announced its' intention to focus on the growing mining industry in Brazil.

On June 29, 2017, the Company announced that it has entered into a letter of intent to acquire a 100% interest in the advanced stage Santa Cruz graphite project located in the state of Bahia, Brazil. The terms of the acquisition are detailed in the accompanying quarterly financial statements ending June 30, 2017 and the press release dated June 29, 2017. Trading in the shares of the Company have been halted pending receipt and acceptance by the regulators of documentation relating to this acquisition.

Subsequent Events from June 30, 2017

On July 26, 2017, the company's annual general meeting was held and the shareholders approved the board of directors set at 4, with Dave McMillan, Graydon Kowal, Eric Allison and Allen Ambrose re-elected as directors. Also, the company's stock option plan was approved, as was the appointment of Manning Elliot as the company's auditors. Following the AGM, the Board of Directors met and appointed Eric Allison as CEO, Dave McMillan as Executive Chairman, with Graydon Kowal and Allen Ambrose as independent directors. Audit committee members will consist of Dave McMillan (Chairman) with Mr. Ambrose and Mr. Kowal as independent members.

SUMMARY OF SHARE CAPITAL

On January 9, 2015 the Company announced effective January 12, 2015 it would be consolidating its issued and outstanding shares such that every ten (10) existing shares would be consolidated into one (1) new share. Post consolidation the Company's shares commenced trading on the NEX Board of the TSX Venture Exchange under the new trading symbol STS.H.

The table below presents the Company's post share consolidation common share data as of July 27, 2017:

	Price	Expiry date	Jul 27, 2017
Common shares, issued and outstanding			8,121,342
Securities convertible into common shares:			
Stock Options			1,600,000
Total Options	\$0.30	May 30, 2022	<u>1,600,000</u>
Warrants	\$0.10	May 30, 2018	8,500,000
Total Warrants			<u>8,500,000</u>
Total options & warrants			<u>10,100,000</u>

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For the three months and six months ended June 30, 2017

DIVIDENDS

Stem 7 Capital Inc has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration. Any future determination to pay dividends will be at the discretion of the Board of Directors of Stem 7 Capital Inc and will depend on Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deem relevant.

NATURE OF THE SECURITIES

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate 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 this certificate 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 this certificate. 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.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of Stem 7 Capital Inc has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

**STEM 7 CAPITAL INC.
(Formerly Canada Gold Corp.)**

MANAGEMENT DISCUSSION & ANALYSIS

For the three months and six months ended June 30, 2017

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Stem 7 Capital's general and administrative expenses is provided in the Company's Financial Statements as at and for the three months ended June 30, 2017. These Financial Statements and additional information on the Company are available on SEDAR at www.sedar.com.

STEM 7 Capital Inc.

"David McMillan"

Executive Chairman
July 27, 2017