360 Capital Financial Services Group Inc.
Management Discussion and Analysis
For the year ended December 31, 2016

DATE OF REPORT: May 1st, 2017

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of 360 Capital Financial Services Group Inc. ("360 Capital" or "Company") for the year ended December 31, 2016. All amounts are expressed in Canadian dollars unless otherwise stated. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). References to notes are with reference to the consolidated financial statements.

FORWARD-LOOKING INFORMATION

This report, including the MD&A, may contain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

It is the Company's policies that all forward-looking statements, if any, are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements are subject to change, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements that may be contained in this MD&A, may include, but are not limited to, information or statements concerning management's expectations for the Company's ability to raise capital and meet our obligations.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

DESCRIPTION OF BUSINESS

360 Capital, formerly Global MGA Financial Inc. ("Global") was incorporated in British Columbia on February 19, 2009. On September 30, 2013 pursuant to a Plan of Arrangement and Amalgamation Agreement (the "Plan"), Global amalgamated with Carnelian Strategic Capital Corp. ("Carnelian"), which was incorporated in British Columbia on May 3, 2013. Following the Plan, the amalgamated company was named 360 Capital Financial Services Group Inc. The transaction is accounted for as a reverse takeover and the resulting entity is deemed to be a continuation of Global.

On November 27, 2013, shares of 360 Capital were listed on the Canadian Securities Exchange ("CSE") for trading under the trading symbol TSZ.

The Company, through its subsidiaries, are developing, growing and operating financial services businesses and distribution through acquisition, partnership, joint-venture, and strategic alliance and cooperation – in Canada and Asia Pacific. These financial services include insurance, merchant banking and Advisory services for companies seeking a public listing in Canada.

DESCRIPTION OF BUSINESS (continued)

The Company has subsidiaries in Hong Kong and China, operates, in Canada, life insurance sales through its subsidiary, Mega Bright Financial Incorporated ("MBF"), and a financial services company, 360 Securities Ltd.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	Hong Kong	Holding Company
Zhaoying (Shanghai) Management Consulting Co. Ltd. (China WOFE)	China	Holding Company
Mega Bright Financial Incorporated	British Columbia,	Insurance Sales
360 Securities Ltd.	British Columbia, Canada	Financial Services Company

Zhaoying (Shanghai) Management Consulting Co. Ltd. was inactive and Global MGA (Hong Kong) Limited had limited transactions. During the year ended December 31, 2016, the Company dissolved the Zhaoying (Shanghai) Management Consulting Co. Ltd. as it had been inactive since incorporation.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

The Company owns 2,175,000 shares of Silver Maple Ventures (SMV). SMV main business is Frontfundr, an Equity Crowd Funding Platform registered as an Exempt Market Dealer in 8 provinces in Canada.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial information below is presented in Canadian dollars (except where noted) and is prepared in accordance with IFRS:

	2016	2015
	$	$
Revenues	67,697	35,798
Net Income (loss)	431,624	(506,753)
Total assets	989,636	214,043
Working capital	56,419	94,876
Shareholders' equity	698,979	69,855
Earnings (Loss) per share	0.01	(0.01)

OUTLOOK

The company is developing opportunities to provide comprehensive business and corporate finance services solutions to growth oriented Canadian and Asian companies seeking to access the North American capital and public market. The services include capital raising utilizing our Funding Escalator Platform which consist of our investee company, Silver Maple Ventures Inc. (SMV) and 360 Securities Ltd., through its Equity Crowd Funding portal "Frontfundr", www.frontfundr.com., is an Exempt Market Dealer registered and approved to conduct Equity Crowd Funding in 8 provinces in Canada. 360 Securities is an exempt market dealer registered in British Columbia and provides due diligence, sponsorship and dealing of securities for private companies.

Besides the capital raising services, 360 also provides corporate finance, business consulting, investor outreach and public listing advisory services. In 2015, the company developed the "Funding Escalator", which "connects capital to growth opportunities" and our plan in 2017 is to focus on bringing clients that are growth oriented companies to our platform. We expect that through acquiring these clients, we would receive advisory, consulting and success fees for providing our services.

RESULTS OF OPERATIONS

In September 2016, the Company's subsidiary, Mega Bright Financial sold its book of business of service fees with an Insurance carrier to an Insurance Agency.

In late 2016, the company dissolved its China WOFE consulting company due to the lack of manpower and financial resources to develop the China practice.

The Company is making progress in the corporate consulting services. It was engaged to provide corporate consulting services for an Asian company and subsequently contracted to provide corporate advisory and consulting services for a Canadian public company.

The Company's investment in Silver Maple Ventures (SMV), an Exempt Market Dealer that is registered in 8 provinces including British Columbia, Alberta, and Ontario, has been a success since SMV officially launched on May 27, 2015. SMV operates under the brand name, "Frontfundr", www.frontfundr.com which has gain traction in the Equity Crowdfunding space and recently raise $654,622 of additional capital at $0.32 per share. 360 Capital owns 2,175,000 shares of SMV.

The following table presents the Company's condensed consolidated statement of comprehensive loss for 2016 and 2015. The financial information is presented in Canadian dollars (except where noted) and was prepared in accordance with International Financial Reporting Standards (IFRS).

	2016	2015
	$	$
Revenues	67,697	35,798
Operating expenses	325,578	521,435
Loss from operations	(257,881)	(485,637)
Interest and other income	1,107	10,029
Comprehensive income (loss) attributable to common shareholders	431,624	(506,753)

Year ended December 31, 2016
The Company's net income totaled $ 431,624 for the year ended December 31, 2016 (2015: -$506,753), with basic and diluted earnings per share of $0.01 (2015: -$0.01).

Net income primarily was attributed to an unrealized gain from recognizing the fair market value of it's investment in Silver Maple Ventures Inc. at $696,000.

SELECTED QUARTERLY RESULTS

The quarterly results have been restated to reflect accounting policies consistent with International Financial Reporting Standards ("IFRS"). A summary of selected information for each of the quarters presented below is as follows:

Three Months Ended	Revenues	Net (Loss) Income	Basic and Diluted Earnings (Loss) Per
	$	$	$
December 31, 2016	11,500	524,285	0.01
September 30, 2016	22,572	(647)	(0.00)
June 30, 2016	8,860	(38,134)	(0.00)
March 31, 2016	24,765	(53,880)	(0.00)
December 31, 2015	3,052	(116,991)	(0.00)
September 30, 2015	6,770	(136,487)	(0.00)
June 30, 2015	5,668	(127,271)	(0.00)
March 31, 2015	10,308	(126,004)	(0.00)

FOURTH QUARTER INFORMATION

The Company's net income totaled $524,285 for the three month period ended December 31, 2016, with basic and diluted gain per share of $0.01. This gain was attributed to an unrealized gain from recognizing the fair market value of its investment in Silver Maple Ventures Inc. at $696,000.

LIQUIDITY AND CAPITAL RESOURCES

	2016 $	2015 $
Cash used in operating activities	(50,335)	(433,304)
Cash provided by investing activities	61,000	127,043
Cash provided by financing activities	150,000	210,000
Increase (decrease) in cash	160,665	(96,261)
Cash, beginning	110,361	206,622
Cash, ending	271,026	110,361

Cash and Working Capital

As at December 31, 2016, the Company had cash of $271,026 (2015: $110,361), and a working capital of $56,419 (2015: $94,876).

OUTSTANDING SHARE DATA

Authorized Share Capital

As at the date of this report, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Amalgamation of Global and Carnelian

On September 30, 2013, pursuant to the Plan, Global amalgamated with Carnelian to form 360 Capital. Effective on that date, a total of 43,854,112 common shares of 360 Capital were issued to the former shareholders of Global and Carnelian, of which 41,854,115 common shares of 360 Capital were issued to the former shareholders of Global and 1,999,997 common shares of 360 Capital were issued to the former shareholders of Carnelian.

Share Purchase Option Compensation Plan

As at December 31, 2016, the Company has 3,000,000 options outstanding with a weighted average exercise price and contractual remaining life of $0.10 and 1.79 years, respectively.

Issued Share Capital

As at December 31, 2016, the issued share capital comprised 56,754,112 common shares. The Company is authorized to issue an unlimited number of common shares without par value. All issued shares are fully paid.

On December 2, 2016, the Company issued 1,900,000 common shares to two officers of the Company for providing consulting services.

On December 12, 2016, the Company completed a non-brokered private placement and issued 6,000,000 units ("Units") for proceeds of $150,000 at $0.025 per Unit. Each Unit comprised one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of $0.05 per share for three years.

Escrow Shares

As at December 31, 2016, the Company has no shares held in escrow (2015 – 7,188,914 shares).

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

RELATED PARTIES TRANSACTIONS AND BALANCES

Details of outstanding balances with related parties including key management personnel are as follows:

	December 31, 2016 $	December 31, 2015 $
Due from related companies with common shareholders	10,860	-
Due to an officer	(27,596)	(14,242)
	(16,736)	(14,242)

Balances due from (to) related parties are unsecured, do not bear any interest and have no fixed terms of repayments.

Included in accounts payables and accrued liabilities is $134,846 (2015: $48,875) due to officers and directors for salary, consulting fees and expense reimbursements.

On November 18, 2016, the Company entered into a promissory note with a director to borrow $60,000 at 5% per annum, due January 31, 2018. On November 18, 2016, the promissory note was extended to June 30, 2018 with interest payable upon maturity. During the year ended December 31, 2016, interest expense in the amount of $3,440 was accrued (2015: $nil).

Compensation of the executive management team and directors

The company has identified its directors and senior officers as its key management personnel.

During the year ended 2016, total compensation of $53,750 (2015: $109,375) was paid to the Company's executive management team and directors. These amounts are included in salaries and benefits expenses.

During the year ended December 31, 2016, the Company paid consulting fees of $60,000 (2015: $65,346) to an officer who is also a director of the Company. These amounts are included in professional fees expenses.

During the year ended December 31, 2016 the Company paid marketing fees of $25,200 to a director of the Company (2015: $65,100). These amounts are included in office and miscellaneous expenses.

During the year ended December 31, 2016, the Company entered into two consulting agreements with two officers for providing consulting and fundraising activities. On December 2, 2016, the Company issued 1,900,000 common shares to these officers. The fair value of these shares was determined to be $47,500 based on the price from the concurrent private placement. These consulting fees have been recorded in salaries and benefits expense.

SUBSEQUENT EVENTS

a) On February 17, 2017, the Company granted 5,700,000 stock options to officers, directors and consultants of the Company, with an exercise price of $0.05 expire on February 16, 2022.

b) On March 3, 2017, the Company issued 750,000 common shares to the two consultants and for the release of second batch of escrow shares. Both consulting agreements were terminated in April 2017.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- the assumptions used in valuing options in share-based payment calculations;
- the determination of deferred income tax assets and liabilities;
- the determination of the useful life of the intangible asset;
- the determination and measurement of the Company's interest in an associate's identifiable net assets at fair value at the date of acquisition of the associate.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- the determination of functional currency of the Company;
- the determination of revenue recognition policy;
- the determination of the nature, extent and financial effects of its interests in associates;
- the assessment of impairment of promissory notes and loan receivable
- the evaluation of the Company's ability to continue as a going concern;
- the determination to apply the pronouncements of IFRS 2 to the accounting for the transaction
- the consideration of the factors determining the acquisition of the book of agency relationships described in Note 7 as an intangible asset.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED DURING THE YEAR

During the year ended December 31 2016, the Company did not adopt any new accounting standards and interpretations.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

<u>IAS 15 Revenue from Contracts with Customers</u>

IFRS 15 was issued in May 2014 and specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative, relevant disclosures. The standard provides a single, principle based five-step model to be applied to all contracts with customers.

IFRS 9 Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

Standard effective for annual periods beginning on or after January 1, 2019

IFRS 16 – *Leases* - On January 13, 2016 the IASB issued IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16.

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

FINANCIAL INSTRUMENTS

Management of capital

The Company's objectives for managing capital (defined as all components of shareholders' equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Company manages capital by issuing new shares or new debt.

Fair values

The Company's financial instruments consist of cash, promissory notes, long-term investments, accounts payable, due to related parties and subordinated debt. The fair values of the Company's financial assets and liabilities approximate their carrying amounts because of their current nature.

	2016	2015
	$	$
Assets:		
Fair value through profit or loss (i)	271,026	110,361
Loans and receivables (ii)	10,861	55,707
Available-for-sale (iii)	706,000	-
Liabilities:		
Other financial liabilities (iv)	263,157	144,188

(i) Cash
(ii) Amounts receivable, due from related companies and promissory notes
(iii) Long-term investments
(iv) Accounts payable, due to related parties and subordinated debt

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
As at December 31, 2016				
Cash	271,026	271,026	-	-

Long-term Investments	706,000	-	696,000	10,000
As at December 31, 2015				
Cash	110,361	110,361	-	-
Short-term Investments	-	-	-	-

Currency Risk

It is management's opinion that the Company is not exposed to significant currency risk as its short-term investments are all denominated in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company has minimal exposure to interest rates fluctuations on its cash and short-term investment balances due to current low market interest rates.

Credit, Liquidity, and Market Risks

Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution with high credit ratings. As the majority of the Company's receivables relates to taxes recoverable from governments, its credit risks associated with receivables are inherently managed and exposure to potential loss is assessed as minimal. Market risks associated with short-term investments are assessed as minimal as they are considered short-term in nature.

All of the Company's financial liabilities have maturities of one year or less except for subordinated debt:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
	$	$	$	$	$
As at December 31, 2016					
Accounts payable	172,121	(172,121)	(172,121)	-	-
Due to related parties	27,596	(27,596)	(27,596)	-	-
Subordinated debt	63,440	(66,690)	-	(66,690)	-
Total	263,157	(266,407)	(199,717)	(66,690)	-
As at December 31, 2015					
Accounts payable	69,946	(69,946)	(69,946)	-	-
Due to related parties	14,242	(14,242)	(14,242)	-	-
Subordinated debt	60,000	(63,625)	-	(63,625)	-
Total	144,188	(147,813)	(84,188)	(63,625)	-

RISKS FACTORS

Need for funds to implement our business plan

The Company will require external capital to implement its business plan of developing, growing and operating insurance and financial services business and distribution in Canada and Asia-Pacific through acquisitions, partnerships, joint-ventures and strategic alliances and cooperation and for its proposed business units. There can be no certainty that the Company can obtain these funds.

Dependence on Management Team

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions.

Management who has developed key relationships in the industry is also relied upon to oversee the core marketing, business development, operational and fund raising activities. As the insurance and financial services industries continues to become more competitive, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.

Suitable Acquisition Candidates

The Company expects a significant and major portion of its future growth to come from acquisitions of high-quality Insurance Agencies, intermediaries, brokers and agents. There is no assurance that the Company can successfully identify suitable acquisition candidates. If suitable candidates are identified, however, the Company may not be able to complete an acquisition on terms that are beneficial and acceptable to the Company. In addition, the Company competes with other entities to acquire quality insurance agencies, brokers and agents. Many of its competitors may have substantially greater financial resources than the Company does and may be able to outbid the Company for these acquisition targets. If the Company is unable to complete acquisitions, its growth strategy may be impeded and its earnings or revenue growth may be negatively affected.

Insurance regulations

Insurance distribution is a regulated industry in Canada and in the growth markets the company plans to enter. The insurance regulatory framework is undergoing significant changes in these markets. Some of these changes and the further development of regulations applicable to us may result in additional restrictions on our activities and impede our acquisitions, partnerships, joint-ventures and strategic alliances plans.

Competition

The insurance intermediary industry in is highly competitive, and the Company expects competition to persist and intensify. In insurance product distribution, the Company faces competition from insurance companies that use their in-house sales force and exclusive sales agents to distribute their products, and from business entities that distribute insurance products on an ancillary basis, such as commercial banks as well as from other professional insurance intermediaries and other Insurance Agencies. The Company competes for customers on the basis of product offerings, customer services and reputation. Many of its competitors have greater financial and marketing resources and history than our Company and may be able to offer products and services that the Company does not currently offer. If the Company is unable to compete effectively against those competitors, the Company may lose customers and agents and its financial results may be negatively affected.

Information Technology Systems

The Company's business is highly dependent on the ability of its information technology systems to timely process a large number of transactions across different markets and products at a time when transaction processes have become increasingly complex and the volume of such transactions is growing rapidly. The proper functioning of its financial control, accounting, customer database, customer service and other data processing systems is critical to the Company's business and to its ability to compete effectively. There can be no assurances that the Company's business activities would not be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of its information technology system could damage its reputation and materially and adversely affect the Company's future prospects and profitability.

This Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.