DANAVATION TECHNOLOGIES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND TWELVE MONTHS ENDED
JULY 31, 2023

DATED NOVEMBER 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") reviews the operating results, financial position, and liquidity of Danavation Technologies Corp. ("**Danavation**", "**we**", "**our**", or the "**Company**"). All amounts are stated in Canadian dollars unless otherwise noted. This MD&A should be read in conjunction with the Consolidated Financial Statements and the notes thereto for the year ended July 31, 2023, and 2022 (the "**Consolidated Financial Statements**").

This document is intended to assist the reader in better understanding operations and key financial results as of the date of this MD&A. The Consolidated Financial Statements and this MD&A have been approved by its Board of Directors. This MD&A is dated November 28, 2023.

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information contained herein is made as of the date of this MD&A and is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "*Forward Looking Statements*" section in this MD&A.

DESCRIPTION OF BUSINESS

Background

Danavation was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. On October 20, 2022, the Company moved jurisdictions to Ontario by articles of continuance. The registered office of the Company is located at 21 Roybridge Gate, Woodbridge, Ontario, Canada, L4H 1E6. The Company is proudly founded and based in North America. Its principal activity relates to the sale of micro e-paper displays and software to retailers to automate labeling, price, product, and promotions in real-time.

The Company's common shares trade on the Canadian Securities Exchange under the symbol "DVN" and on the OTCQB Venture Market in the US under the symbol "DVNCF".

Core Business

Danavation is a Canadian-based, Internet of Things ("**IoT**") technology company, providing micro e-paper displays to organizations across North America. The Company's Digital Smart Labels™ ("**DSLs**"), powered by IoT automation technology and software Platform-as-a-Service ("**PaaS"**), enables companies across various sectors to automate labelling, price, product, and promotions in real-time, enhancing data accuracy and improving performance by optimizing inventory, removing high labour costs and low productivity associated with traditional labour-intensive workflows. DSL's also help lessen company's need to attract and retain labor during a fiercely competitive period. By empowering the adoption of smart retail, smart cities and industry 4.0, Danavation's goal is to create a sustainable and profitable business for shareholders while advancing sound environmental, social and governance practices, including by significantly reducing paper usage. Danavation has introduced its solution to retailers across North America, including big box and boutique grocers, while also targeting new markets including healthcare providers, manufacturing, and logistics companies.

We believe that the following competitive advantages of its DSL solution are instrumental to securing business from both existing and future potential clients:

- North American headquarters enables quick and easy hands-on support for customer servicing and communications;
- Independent, in-house development of marketing, sales, and client support enables control over the full sales cycle;
- Quality and reliable hardware engineered in-house ensures products meet client standards;

- Network of various established relationships built from a management team with over 30 years of experience, meaning few to no cold calls are required;
- Secure end-to-end connectivity with unparalleled industry coverage, over-the-air (OTA) updates, and zero interference with Wi-Fi networks; and
- Adaptable for clients across industries including retail, healthcare, manufacturing, logistics, pet shelters, and others.

Strategic Objectives and Performance Drivers

As Danavation has achieved commercialization and is entering a period of forecast revenue ramp, the Company is committed to pursuing continued growth through expanded contracts to deploy DSLs for existing clients, including retailers, grocery stores, convenience and big box stores across the US and Canada, as well as healthcare providers and manufacturing and logistics companies. In addition, Danavation intends to continue developing new proprietary products, services and software solutions and securing further distribution partnerships with international companies who can market Danavation's solutions in various jurisdictions outside of North America.

Despite the challenges brought on from COVID-19, Danavation remains focused on executing its long-term strategy. Danavation is committed to building shareholder value by becoming a leading provider of DSLs, growing revenue and annual recurring revenue related to software solutions, and ultimately driving the generation of positive net income. As part of this strategy, the Company has focused on building an organization that is prudently managed within a sector that offers significant future potential as economies seek to increase automation and reduce the need for physical contact. The Company believes that adhering to capital discipline and fundamental customer-oriented principles will be the keys to success, along with cost controls and operational efficiencies.

To date and during fiscal 2023, Danavation has secured new clients, partnerships, and location deployments for its DSLs, including the announcement of multiple new installs across North America. Danavation intends to continue executing on growth opportunities that drive long-term value, focusing resources on securing high-quality clients with access to multiple locations which can help enhance exposure and support the pursuit of long-term profitability. The Company will also continue to evaluate compelling new hardware and software solutions which can further contribute to its long-term portfolio value and help fuel growth and sustainability into future years.

Outlook, Objectives and Milestones

Danavation is targeting to accomplish the following business objectives and milestones through fiscal 2024:

- Continue to expand market presence in the US and Canada by establishing product sales and brand recognition with large retailers;
- Continue to expand management and operational team;
- Sign multiple distribution agreements and geographical exclusivity arrangements with channel partners increasing marketing leverage and operational competency and expertise in new markets;
- Design and develop additional propriety and differentiated products for commercialization such as NFC/RFID, IoT sensors, video analytics, and biometric systems; and
- Further enhance systems integration and on-site installation capabilities to seamlessly manage all operating activities and continue to create competitive advantages through best in class after sales service, support and customer service.

RECENT DEVELOPMENTS: Fourth Quarter 2023 To Date

On May 15, 2023, the Company announced the closing of the final tranche the Private Placement through the issuance of 1,650,000 units for aggregate gross proceeds of $330,000.

New Installations

Danavation recently announced several installations across Canada and the United States.

On May 2, 2023, the Company announced that our DSLs will be installed into the Ealton Timber Mart location in Ontario, representing the first Timber Mart location to be installed.

On May 17, 2023, the Company announced the installation of our DSLs into two Greco's Fresh Market Locations and one Nature's Emporium location.

- The Company is pleased to confirm a full roll-out of DSLs for both locations of Greco's Fresh Market in Thornhill and Richmond Hill, Ontario, further expanding Danavation's reach into the retail food segment. The first location is expected to be completed by mid to late summer 2023.
- We are pleased to be outfitting the first of up to seven Nature's Emporium locations in Ontario with its DSLs, building on the Company's previous installations within the retail foods segment. This first Nature's Emporium installation is expected to be completed by the end of summer and depending on success, could lead to Natures Emporium outfitting an additional six locations.

On May 31, 2023, the Company announced a multi-store contract to install Danavation's DSLs into eight franchised Pitou Minou & Compagnons ("PMC") locations in Quebec that offer Global Pet Foods' products. With nearly 40 storefronts currently operating under the PMC (Global Pet Foods) banner in Quebec, and more locations opening up every year, Danavation is afforded the potential for future growth with this brand moving forward. The first installation is expected to be completed by early August.

On June 22, 2023, the Company announced a full rollout of Danavation's DSLs into all six Nutrinor hardware store locations operated under a large Quebec based retailer. The first installation is expected to be completed by early August with subsequent stores being installed thereafter.

On September 11, 2023, the Company announced four new installations for DSL, including two locations for Btrust Supermarket and two installations for two different pharmacies under the MPL Group banner.

On September 20, 2023, the Company announced further U.S. market share capture with an expansion of out ongoing ACE Hardware relationship and an additional six new small format installations for Mexico-based Impulsora, over and above the 12 previously announced.

FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

For the year ended July 31,		2023		2022		2021
Revenue	$	**2,080,394**	$	1,154,466	$	324,891
Costs of sales		**(1,195,509)**		(813,423)		(202,672)
Gross profit		**884,885**		341,043		122,219
Expenses						
Salaries and benefits		**1,426,537**		1,719,895		1,777,302
Office and general		**1,542,450**		1,694,973		1,058,773
Advertising and sales promotion		**861,239**		1,262,656		987,296
Financing costs		**813,897**		757,661		836,647
Depreciation and amortization		**443,594**		436,397		151,321
Stock based compensation		**352,772**		649,077		995,739
Total expenses		**5,440,489**		6,520,659		5,807,078
Net loss and comprehensive loss	$	**(4,555,604)**	$	(6,179,616)	$	(5,684,859)
Basic and diluted loss per share	$	**(0.04)**	$	(0.06)	$	(0.06)
Weighted average number of shares outstanding, basic and diluted		**114,968,702**		103,586,235		92,671,393

As at July 31,		2023		2022		2021
Total assets	$	**2,823,651**	$	3,453,505	$	3,900,949
Total current liabilities		**2,803,115**		2,772,964		1,512,456
Total non-current liabilities		**5,210,738**		5,186,417		1,967,715

RESULTS OF OPERATIONS

Revenue

Revenue increased by $925,928 or 80% over the prior year. The increase in revenues is due to client acquisition and the installation of the Company’s DSLs primarily within pharmacy and hardware stores. Sales during fiscal 2024 are expected to significantly improve primarily due to expansions into new markets and acquisitions of new customers. However, the timing of revenues recognized depends on the timing of installations and product delivery.

Gross Profit

Gross profit increased $543,842 or 159% over the prior year. The gross profit increased due to increases in revenues and the acquisitions of margin-positive installations, and because of an increased proportion of revenue being earned through recurring software sales, which have a higher gross margin than hardware sales.

Expenses

Salaries and benefits decreased $293,358 or 17% over the prior year. The salaries were lower as the Company replaced turnover in employees with consultants on an as needed basis as part of initiatives to reduce cash expenses.

Office and general expenses decreased $152,523 or 9% compared to 2022. This is primarily due to management initiatives to reduce cash expenses. Further, in the prior year management reviewed all long-standing assets at year end and wrote off balances that were deemed to not have a future value, resulting in larger than normal non-recurring expenses.

The following table provides further details for the Company’s office and general expenses:

For the year ended July 31,		2023		2022
Office expenses	$	**716,720**	$	976,232
Consulting fees		**294,075**		59,920
Accounting and legal fees		**237,299**		216,227
Travel expenses		**149,001**		54,328
Trade show		**105,826**		116,639
Insurance fees		**88,943**		100,241
Utilities		**34,395**		31,898
Vehicle expenses		**33,484**		27,004
Foreign exchange		**12,247**		31,256
Bad debts expense (recovery)		**(129,541)**		81,228
Total office and general	**$**	**1,542,450**	$	1,694,973

Advertising and sales promotion expenses decreased $401,417 or 32% compared to 2022. The Company has made it a priority to reduce expenses during fiscal 2023. The costs incurred during fiscal 2023 primarily relate to raising awareness for product sales and financing activities.

Financing costs consist of interest and accretion expenses related to the company’s outstanding debt and lease obligations. Financing costs increased $56,236 or 7% compared to 2022, mainly due to the normal accretion of liability values as the debt and lease obligations approach maturity. On August 26, 2022, the Company converted a $750,000 short term loan with a 7% interest rate into common shares. On March 10, 2023, the Company issued a $150,000 short term loan with a 15% interest rate. The Company expects that financing costs will continue to slowly increase in future periods.

The following table provides further details for the Company’s financing costs:

For the year ended July 31,		2023		2022
Interest expense	$	**592,292**	$	565,147
Accretion expense		**221,605**		192,514
Total financing costs	**$**	**813,897**	$	757,661

Depreciation and amortization expenses are charged on the Company’s fixed assets and right-of-use assets. The expenses remained consistent year-over-year due to the stable base of fixed assets and right-of-use assets, and minimal fixed asset additions.

In 2023 Danavation granted 2,975,000 incentive stock options to officers, directors, employees, and consultants, as compared to 2,825,000 stock options in 2022. Stock based compensation expense decreased by $296,305 or 46%, consistent with a decrease in the Company’s share price.

FOURTH QUARTER: RESULTS OF OPERATIONS

For the three months ended July 31,		2023		2022
Revenue	**$**	**699,967**	$	248,264
Costs of sales		**(313,142)**		(55,837)
Gross profit		**386,825**		192,427
Expenses				
Salaries and benefits		**365,236**		234,295
Office and general		**241,354**		925,550
Advertising and sales promotion		**407,175**		263,719
Financing costs		**158,382**		198,031
Depreciation and amortization		**110,936**		110,809
Stock based compensation		**-**		74,452
Total expenses		**1,283,083**		1,806,856
Net loss and comprehensive loss	**$**	**(896,258)**	$	(1,614,429)
Basic and diluted loss per share	**$**	**(0.01)**	$	(0.02)
Weighted average number of shares		**119,461,807**		103,751,850

Revenue

Revenues increased $451,703 or 182% compared to 2022. The increase in revenues is due to client acquisition and the installation of the Company's DSLs primarily within pharmacy and hardware stores.

Gross Profit

Gross profit increased $194,398 or 101% compared to 2022. The gross profit increased due to increases in revenues and the acquisitions of margin-positive installations.

Expenses

Total expenses decreased $718,171 or 44% compared to 2022. In recent quarters management undertook significant efforts to decrease cash expenses. Additionally, in the prior year management reviewed all long-standing assets at year end and wrote off balances that were deemed to not have a future value, resulting in larger than normal non-recurring expenses.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes comparative quarterly results for the last eight quarters.

($000's)	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Revenues	700	365	587	428	248	628	140	138
Net losses	(896)	(1,375)	(983)	(1,301)	(1,614)	(1,018)	(2,023)	(1,524)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)

For a detailed explanation and analysis of quarterly results, refer to Management's Discussion and Analysis for each of the respective quarterly periods filed on www.sedar.com.

TRANSACTIONS WITH RELATED PARTIES

Amounts Payable to Related Parties:

The Company had the following amounts due to companies controlled by an officer of the Company:

As at July 31,		2023		2022
Dana Industries	$	**571,553**	$	350,829
K Iccir Holdings Inc.		**160,645**		150,955
Total due to related parties	$	**732,198**	$	501,784

Amounts due to Dana Industries are unsecured, non-interest bearing, have no specific terms for repayment and are due on demand. Amounts due to K Iccir Holdings Inc. are unsecured, bear interest at 8%, have no specific terms for repayment and are due on demand.

Key Management and Director Compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors and executive officers. Compensation of key management personnel may include short-term and long-term benefits as applicable, including salaries, bonuses, stock options or post-employment benefits. Compensation provided to current and key management are as follows:

For the year ended July 31,		2023		2022
Short-term benefits	$	**569,569**	$	580,265
Long-term benefits		**141,581**		433,323
Total key management and director compensation	$	**711,150**	$	1,013,588

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital with the following objectives:

i. To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
ii. To maximize shareholder, return through enhancing the share value.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be debt and equity. The Company manages capital through its financial and operational forecasting processes. Danavation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company is not constrained by externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the twelve months ended July 31, 2023.

For the year ended July 31,		2023		2022
Cash used in operating activities	**$**	**(2,893,004)**	$	(4,116,966)
Cash from (used in) investing activities		**(3,533)**		(116,221)
Cash from financing activities		**2,901,198**		4,241,069
Cash, beginning of period		**13,861**		5,979
Cash, end of period	**$**	**18,522**	$	13,861

During the twelve months ended July 31, 2023, excluding changes in working capital balances, Danavation used $3,576,219 of cash for operating activities (2022 – $4,820,399). Cash used in operating activities relates to spending on activities necessary for business growth, including employees, marketing, and general operating expenses.

Danavation's ability to continue operations remains dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing customer; and 3) secure new customers that provide the Company with adequate funds to cover projected expenditures (or a combination of the foregoing). If the Company does not generate sufficient funds from existing or new customer relationships and is unable to raise additional financing, the Company will have to consider strategic alternatives, which may include, among other things, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or the sale of the Company.

DEBT OBLIGATIONS

Danavation entered into an agreement with Computershare Trust Company of Canada ("Computershare") on August 17, 2021, in which the Company issued unsecured convertible subordinated debentures in the aggregate amount of $3,850,000. The debentures bear interest at 8.00% per annum, payable quarterly, and mature on August 17, 2024.

On March 10, 2023, Danavation issued a promissory note in the amount of $150,000. The debt bears interest at a rate of 15%, will be repaid in twelve equal monthly payments starting July 31, 2023, and is guaranteed by two directors.

Danavation entered lease arrangements for a building, warehouse, office equipment, and other assets as part of its daily operations. Building and warehouse leases include the rental of office space and storage facilities. These leases vary in length and are typically over 5 years and may include several renewal options. Office equipment leases include the rental of machinery and computer hardware. These leases vary in duration and structure and typically do not exceed 10 years. At July 31, 2023, the Company had aggregate lease liabilities of $1,797,668.

The following table sets out the next three years and thereafter of payments of Danavation's debt obligations:

For the year ended July 31,	2024	2025	2026	After 3 yrs
Accounts payable and accrued liabilities	**$ 1,570,894**	$ -	$ -	$ -
Short-term debt	**151,911**	-	-	-
Long-term debt	**-**	3,579,685	-	-
Lease liabilities	**166,614**	170,287	191,891	1,268,876
Total debt obligations	**$ 1,889,419**	$ 3,749,972	$ 191,891	$ 1,268,876

OUTSTANDING SHARE DATA

Danavation's authorized share capital consists of an unlimited number of common shares. The following table quantifies the number of issued and outstanding shares and exercisable securities and their average exercise prices.

As at July 31,	**2023**	**WA Price**	2022	WA Price
Outstanding shares	**120,824,850**		104,282,850	
Exercisable securities				
Warrants	**12,541,011**	**$ 0.29**	9,123,648	$ 0.38
Options	**8,200,000**	**$ 0.37**	5,700,000	$ 0.38

OFF-BALANCE SHEET ARRANGEMENTS

Danavation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas requiring estimates and judgements are as follows:

Inventory

The cost of inventories is written down to the net realizable value ("NRV") when the cost of inventories is not recoverable. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. When the NRV of an item of inventory is less than the carrying amount, the excess is written off immediately in the profit or loss. The management's review and estimation of the NRV is primarily based on the ageing, conditions and marketability of the inventories. The Company carried out the inventory review at the end of the reporting period and made the necessary allowance on obsolete and slow-moving items so as to write off or write down inventories to their NRVs.

Estimated useful lives and depreciation and amortization of property, plant, and equipment

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Fair value measurements

Certain of the Company's assets and liabilities are measured at fair value. In estimating the fair value of Level 2 investments, the Company uses key inputs including the share price of underlying securities, annualized volatility, the risk-free interest rate, the dividend yield, and the expected life of the security.

Inputs when using Black-Scholes valuation model

Danavation uses the Black-Scholes valuation model to value its options and warrants. The model requires management to estimate input variables including volatility, forfeiture rates, estimated life and market rates.

Discount rates

The discount rates used to calculate net present value of the convertible debentures are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels.

Changes in the general economic environment could result in significant changes to this estimate.

Convertible instruments

Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Future changes in accounting policies

There are currently no new accounting standards issued but not yet effective that impact the Company's financial statements.

DIVIDEND POLICY

Since its incorporation, the Company has not paid any dividend on its common shares. The Company's current policy is to retain future earnings to finance its growth. Any future determination to pay dividends is at the discretion of the Company's Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and other such factors as the Board of Directors of the Company may deem relevant.

FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Management has mitigated the risk by using tier 1 financial institutions for managing its cash and has established communication channels with counterparties of the receivables for ongoing monitoring of their financial performance. In addition, the Company`s customer base is diversified with no reliance on any one client.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due or can only do so at excessive cost.

The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As all the Company's financial debts are on a fixed interest rate, the impact of a change in interest rates will not impact the Company's income or cash flows during the contract term.

Foreign Exchange Risk

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each entity within the consolidated group determines its own functional currency.

The Company is exposed to certain currency risks in that the value of certain financial instruments will fluctuate due to changes in foreign exchange rates. Management has mitigated the risk by negotiating the majority of contracts in Canadian dollars.

RISKS AND UNCERTAINTIES

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to develop its business. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay in executing the Company's business plan. The Company will require new capital to continue to operate its business, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out development of its business or operations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (forward-looking information being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; anticipated developments in operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation and permitting; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products and services to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations in other countries; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; change in technology; quality of products and services; maintenance of technology infrastructure; privacy protection; development costs; product defects; insufficient research and development funding; uncertainty related to exportation; legal proceedings; reliance on business partners; protection of intellectual property rights; infringement by the Company of intellectual property rights; resale of shares; market for securities; dividends; and global financial conditions.

The lists of risk factors set out in this MD&A or in the Company's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, the global financial and credit markets have experienced significant debt and equity market and commodity price volatility which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.