

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED AUGUST 31, 2012**

FORM 51-102F1

Date and Subject of Report

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Canadian Data Preserve Inc. ("CDP" or the "Company") for the three months ended August 31, 2012. The MD&A should be read in conjunction with the unaudited financial statements as at August 31, 2012. This MD&A has been prepared effective October 30, 2012.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Canadian Data Preserve Inc. (the "Company"), which was incorporated on June 11, 2010, under the laws of the Province of British Columbia. The Company's head office is located at 1140- 1185 West Georgia Street, Vancouver, BC. The Company reports its financial results in Canadian dollars and under Canadian generally accepted accounting principles. As a result of a Plan of Arrangement, it acquired a 10% equity interest in DataPreserve, Inc of Scottsdale Arizona with an option to acquire the remaining 90% of DataPreserve, Inc. Insofar as DataPreserve, Inc., has filed for bankruptcy in the United States, the Company has written off its investment in DataPreserve Inc., as at May 31, 2012 and will not be completing the intended purchase of the remaining 90% of DataPreserve, Inc.

In addition, all other plans including but not limited to the intention to acquire Spheric Technologies Inc., consolidate the Company on a 10:1 basis and change its name to Spheric Microwave Technologies Inc. have been abandoned.

In the alternative, the Company held a shareholders meeting on August 8, 2012 and approved a 20:1 consolidation of capital and a name change to 49 Capital Corporation. After the consolidation there will be a total of 781,933 common shares outstanding. The Company will become an investment company and finance investments into viable technologies companies based in North America and worldwide.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to,

those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Canadian Data Preserve Inc. has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

General

The Company was incorporated on June 11, 2010. The Company was a British Columbia company and a wholly-owned subsidiary of Tulox Resources Inc. ("TUX"), a reporting issuer listed for trading on CNSX, until August 6, 2010. The Company has not yet commenced commercial operation.

On November 1, 2010, the Company acquired the Option Agreement and \$15,000 from TUX as part of the Plan of Arrangement. On September 2, 2010, the Company acquired a license to market and sell the back up and data recovery services of DataPreserve, Inc. (DataPreserve) of Scottsdale, Arizona; in Canada. On May 5, 2011, the Company acquired a 10% equity interest in DataPreserve, by issuing 8,000,000 common shares of the Company to acquire 4,500,000 common shares of DataPreserve. The Company has the right to acquire the remaining 90% of DataPreserve but has elected not to pursue the acquisition at the date of this MD&A.

On April 28, 2011, the Company completed a private placement of 1,600,000 common shares at a price of \$.0625, generating a total of \$100,000.

The Company has sought and obtained shareholder approval to a 20:1 consolidation of capital and a name change to 49 Capital Corporation. At the date of this MD&A neither the name change or the consolidation have been effected.

CDP's Business

The Company originally intended to acquire the remaining 90% of DataPreserve Inc. however as at the date of this MD&A, it is not the Company's intention to complete this acquisition or to engage directly in business activities in the data storage and backup industry. DataPreserve, Inc filed for bankruptcy in the United States on September 7, 2012 and accordingly the Company will not be acquiring the remaining 90% of DataPreserve, Inc. nor will it continue to be engaged in the data backup and storage business. The Company has written off its investment in DataPreserve, Inc. during the reporting period of this MD&A.

On August 8, 2012, the Company held a shareholder's meeting to approve a consolidation of capital on a 20:1 basis and to change its name to 49 Capital Corporation. At the date of this MD&A neither the name change or the consolidation have been effected.

The Company intends to finance strategic investments in technology enterprises that are positioned to list their shares on public markets in Canada. At the date of this MD&A, management is reviewing several investment opportunities. Concurrent with this change of direction, the Company will appoint key members to its Board of Directors who will be instrumental in identifying investment opportunities.

The Company has no present plans to complete its acquisition of the assets of Spheric Technologies Inc as previously disclosed.

General Development of CDP's Business

The Company was incorporated on June 11, 2010 and has not as of February 29, 2012 commenced commercial operations. During the period ended May 31, 2011, Tulox Resources Inc. ("**Tulox**") (CDP's former parent company) completed a plan of arrangement (the "**Arrangement**") pursuant to Division 5 of Part 9 of the Act with its wholly-owned subsidiary CDP. Under the Arrangement, CDP acquired \$15,000 and all of Tulox's interest in the Data Preserve Licensing Agreement, in exchange for common shares (the "**CDP Shares**") of CDP, which CDP Shares have been distributed to Tulox shareholders pursuant to the Arrangement. On closing of the Arrangement, each Tulox shareholder, as of the share distribution record date, set out in the agreement governing the Arrangement, received one new common share in the capital of Tulox (the "**New Tulox Shares**") and its *pro-rata* share of the CDP Shares were distributed under the Arrangement for each Tulox common share (the "**Tulox Shares**") held by such person at the share distribution record date determined to be as of August 9, 2010.

On completion of the Arrangement, the Company became a reporting issuer, the shareholders of which are the holders of Tulox Shares on the share distribution record date.

CDP's Business History

The Board of Tulox determined that it would be in the best interests of Tulox to continue to focus its business efforts on its principal business activities, being the exploration and development of its mineral claims in British Columbia, Canada, and transfer its interest in the Data Preserve Licensing Agreement to a newly-formed subsidiary company, being the Company, pursuant to a plan of arrangement, in exchange for the Company's Shares that would be distributed to the Tulox Shareholders.

Pursuant to the Arrangement, Tulox transferred to the Company all of Tulox's interest in the Data Preserve Licensing Agreement in exchange for 6,038,667 of the Company's shares. In January of 2011, these shares were then re-distributed to the Tulox Shareholders who held Tulox Shares on the Share Distribution Record Date.

The Company then acquired 4,500,000 common shares of DataPreserve, representing 10% of the issued and outstanding shares of DataPreserve in exchange for 8,000,000 common shares of the Company.

During the year, ended May 31, 2012, the Company has written off its investment in DataPreserve, Inc. due to the filing of a bankruptcy proceeding in the State of Arizona.

RESULTS OF OPERATIONS

Results of operations are reported in a comparative format with the comparative three month period ending August 31, 2011

The Company did not earn any income during the three months ended August 31, 2012.

For the three months ended August 31, 2012, the Company recorded an operating loss of \$41,881, comprised of consulting fees totaling \$28,000, professional fees of \$9,220, transfer agent fees of \$4,335 and miscellaneous expenses totaling \$326. The fully diluted loss per share outstanding as of was \$.00 per share, calculated on 15,638,667 shares outstanding.

FINANCIAL POSITION

The financial position as at August 31, 2012 is reported on a comparative basis with the year ended May 31, 2012.

As at August 31, 2012, the Company had a working capital deficiency of \$137,916 represented by an HST tax receivable of \$5,739, less accounts payable and accruals totaling \$42,358 and amounts due to related parties of \$101,297 further comprised of amounts due to a director totaling \$22,500, and amounts due to an affiliated corporations totaling \$78,795.

During the quarter ended August 31, 2012, the Company did not issue any additional securities. No options granted or exercised during the three months ended August 31, 2012

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

	Year ended		
	May 31, 2012	May 31, 2011	May 31, 2010
Total Revenue	\$ --	\$ --	\$ --
Interest income	--	--	--
Expenses	\$595,364	\$136,788	--
Net loss	(\$595,364)	(\$136,778)	--
Total assets	\$5,231	\$510,732	--
Total long-term liabilities	--	--	--
Net loss per share	(\$.04)	(\$.02)	--
(basic and diluted)			

SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the four most recent quarters as the Company was only incorporated since June 11, 2010.

	Three months ended			
	August 31, 2012	May 31 2012	February 28 2012	November 30 2011
Total Revenue	\$ --	\$ --	\$ --	\$ -
Interest income	--	--	--	\$ -
Expenses	\$41,881	\$538,474	\$30,443	\$20,768
Net loss	(41,881)	(\$538,474)	(\$30,443)	(\$20,768)
Net loss per share and diluted loss per share	\$.00	\$.00	\$.00	\$ 00

LIQUIDITY

- (a) In connection with the Plan of Arrangement and pursuant to the terms thereof, Tulox transferred \$15,000 to the Company during the year ending May 31, 2010, which was utilized to finance its short term needs. The Company is a start-up company and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations, including the development of DataPreserve Licensing Agreement, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so.
- (b) Other than as set forth herein, there are no expected fluctuations in the Company's liquidity, taking into account demands, commitments, events or uncertainties.
- (c) The Company does not currently have any liquidity risks associated with financial instruments.
- (d) The Company expects to have a working capital deficiency until it is able to finance its operations. Additional working capital will be required in the future, the Company expects to meet such need through additional equity financing(s).
- (e) There are no balance sheet conditions or income or cash flow items that may affect the Company's liquidity.
- (f) The Company does not presently have any subsidiaries.
- (g) There are currently no defaults or arrears by the Company on: dividend payments, lease payments, interest or principal payment on debt; debt covenants; and redemption or retraction or sinking fund payments.

CAPITAL RESOURCES

- (b) Upon completion of the consolidation the Company will commence business as an investment company and accordingly will require significant working capital to fund its operations. There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.
- (c) The Company proposes to conduct several private placements to fund its investment activities over the following twelve months.

OFF BALANCE SHEET ARRANGEMENTS

As at October 30, 2012, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions contemplated at this time.

TRANSACTIONS WITH RELATED PARTIES

a. The following amounts are due to related parties at the date of this MD&A:

Due to a Director:	\$22,500
Due to an affiliated companies:	\$78,795

Total: **\$101,295**

e) During the period ending August 31, 2012, the Company paid consulting fees to its directors and officers totalling \$24,000 (2011 Nil).

OUTSTANDING SHARE DATA

Authorized: unlimited common shares without par value
unlimited preferred shares without par value

Issued and Outstanding:

	Number Shares	of	Amount
Common share issued on incorporation	1	\$	1
Cancellation of incorporator share	(1)		(1)
Issuance of shares in pursuant of Plan of Arrangement	6,038,667		15,000

Issued to acquire 10% of DataPreserve	8,000,000	
\$500,000	1,600,000	
Issued for cash		
\$100,000		
<hr/>		
		\$2
		75,
		,00
<u>Balance as at February 29, 2012</u>	<u>15,638,667</u>	<u>0</u>

As at date of this discussion, the Company has 15,638,667 common shares outstanding.

Stock Options:

At a special meeting of shareholders of Tulox Resources Inc. and its subsidiaries, including the Company, held on August 5, 2010, the Company received shareholders' approval to adopt an incentive stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CNSX requirements, grant to directors, officers, employees, management companies, and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at May 31, 2012, there are no stock options outstanding and none were exercised during the year..

CONTINGENCIES

Except for the commitments mentioned in Liquidity subsection (b), there are no other contingencies outstanding as of date of this discussion.

SUBSEQUENT EVENTS

The Company, on August 8, 2012, held a shareholders meeting wherein shareholders approved a 20:1 consolidation of capital and a name change to 49 Capital Corporation. Neither have been effected at the date of this MD&A.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Chief Financial Officer is responsible for establishing and maintaining effective disclosure controls and procedures for the Company as defined in National Instrument 52-109 *Certification of Disclosure in Annual and Interim Filings*. Management has concluded that as of November 30, 2010, discussion of disclosure controls and procedures is preemptive; however, once operations begin, such controls will be effective enough to provide reasonable assurance that material information relating to the Company would be known to them, particularly during the period in which reports are being prepared.

Internal Control over Financial Reporting

The Chief Financial Officer is responsible for establishing and maintaining effective internal control over financial reporting as defined in National Instrument 52-109. Because of its inherent limitations, internal control over financial reporting may have material weaknesses and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has concluded that internal control over financial reporting will be effective. The design and operation of internal control over financial reporting will provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

Internal control over financial reporting will include those policies and procedures that establish the following: maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets; reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable generally accepted accounting principles; receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets.

Management will design internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Segregation of Duties

Currently duties have not been segregated due to the small number of individuals involved in this start-up. This lack of segregation of duties has not resulted in any material misstatement to the financial statements.

As the Company incurs future growth, management plans to expand the number of individuals involved in the accounting and finance functions. At the present time, the Chief Executive Officer and Chief Financial Officer oversee all material transactions and related accounting records. In addition, the Audit Committee of the Company reviews on a quarterly basis the interim financial statements and key risks and will query management about significant transactions.

Complex and Non-Routine Transactions

The Company may be required to record complex and non-routine transactions. These sometimes will be extremely technical in nature and require an in-depth understanding of Canadian GAAP. Finance staff will consult with their third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, an annual audit will be completed and presented to the Audit Committee for its review and approval.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Statement of Adoption:

The consolidated financial statements of the Company for the year ending May 31, 2011 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim financial statements for the three month period ended February 29, 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for

the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2012. The explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Notes 11 and 12. The consolidated audited financial statements were authorized for issue by the Board of Directors on September 27, 2012.

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February the AcSB announced that 2011 is the changeover date for publicly accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The changeover date of the Company will be June 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011. The Company is assessing the impact on accounting policies, data systems, internal controls over financial reporting and business activities and compensation arrangements during the period leading up to the transition date.

FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's consolidated financial statements for the year ending May 31, 2012 will be the first annual financial statements to be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was June 1, 2011 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company was August 31, 2012.

Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre changeover Canadian GAAP.

The Company has determined that none of the mandatory exceptions listed in IFRS 1, Appendix B, item B1 were applicable and accordingly none of the mandatory exceptions were applied.

One optional exemption was applied.

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first time adopters certain exemptions from the retrospective application of certain IFRS.

The Company applied the following exemption:

Share-based Payment Transactions

The exemption directs that a first-time adopter is encouraged, but not required, to Apply IFRS 2 Share-based payment transactions to equity instruments that were granted on or before November 7, 2002. This exemption has been taken, since it restricts the time period for share-based payment review to November 7, 2002 forward.

Under a second exemption, options granted subsequent to November 7, 2002 which vested prior to the transition date require no further review. The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Options unvested at the transition date would be subject to review. At the transition date, the Company had no unvested options. The Company expensed the vested portion of these options during the period options were granted prior to the transition date. No adjustment is required upon transition.

RECONCILIATIONS OF PRE-CHANGEOVER CANADIAN GAAP FOR THE STATEMENTS OF FINANCIAL POSITION, STATEMENTS OF COMPREHENSIVE LOSS/INCOME AND STATEMENTS OF CASH FLOW TO IFRS

IFRS 1 requires an entity to reconcile the statements of financial position, comprehensive loss /income and cash flows for prior periods from GAAP to IFRS. Upon review of the financial statements, there have been no material changes to the statement of financial position, statement of comprehensive income and the statements of cash flows. Accordingly, no reconciliations of the above statements have been provided.

The Company has begun developing its detailed IFRS conversion plan, including commencement of an education process for management and the board of directors, and evaluating the effect of the new standards on its financial statements.

The Company has identified five major areas to date that will impact the statements under IFRS, including:

- Foreign currency translation,
- Reporting expenses either by nature or by function on the statement of operations,
- Revenue recognition,
- Stock based compensation, and
- First time adoption of IFRS (IFRS 1).

It is not practically possible at this time to quantify the impact of these differences.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

a. Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from these estimates.

b. Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

c. Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

d. Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities that are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading and receivables as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company had no "other comprehensive income or loss" transactions during the period ending August 31, 2012, and no opening or closing balances for accumulated other comprehensive income or loss. As a result, the unaudited financial statements as of August 31, 2012 do not include a statement of Accumulated Other Comprehensive Income.

e. Impairment of long-lived assets

Equipment and other long-lived assets are regularly reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the sum of undiscounted cash flows expected from its use and disposal. If such assets are considered impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to operations during the year.

RISK FACTORS

Strategic and operational risks

Strategic and operational risks are risks that arise if the Company fails to develop the licensing agreement and the economic viability of developing any such additional agreements and/or to raise sufficient equity and/or debt financing in financing the development of such agreements. These strategic opportunities or threats arise from a range of factors, which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The Company's other receivable balance may consist of amounts outstanding on Harmonized Sales Tax Credits from Canada Revenue Agency. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2012, the Company had a cash balance of \$nil and \$143,297 current liabilities to settle.

Interest risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Cash and accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

RECENTLY ANNOUNCED PRONOUNCEMENTS

Credit risk EIC 173

On January 20, 2009, the CICA issued Emerging Issues Committee Abstract 173, '*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*' ("EIC 173"), to apply without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements. EIC 173 requires the Company to consider the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. For entities that do not apply Section 3855, Financial Instruments, may defer application of this EIC 173 to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2010. The Company adopted EIC 173 from inception of incorporation, which in management's opinion does not have a material impact on the Company's financial position or operation.

Goodwill and intangible assets

The Accounting Standards Board (“AcSB”) issued CICA Handbook Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted these sections from inception of incorporation, which in management’s opinion does not have a material impact on the Company’s financial position or operation.

Financial instruments

The Canadian Accounting Standards Board (“AcSB”) issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity’s financial position and performance; and (b) the nature and extend of risks arising from financial instruments which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges. The Company adopted these standards from inception of incorporation and has included the required disclosure in note 5 of the unaudited financial statements as at August 31, 2012.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance statements users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of elected interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company adopted these standards from inception of incorporation and the adoption of this policy has no significant impact to the Company’s unaudited financial statements as at August 31, 2012

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity’s capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Section 1535 requires disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about what the entity

regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

As a result of the adoption of this standard, additional disclosure on the Company's capital management strategy has been included in note 4 of the unaudited financial statements as at August 31, 2012.

Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. The Company adopted this standard from inception of operation. Refer to note 1 to the unaudited financial statements as at August 31, 2012 for disclosure relating to this section.

Financial instruments

In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures that includes additional disclosure requirements about fair value measurements for financial instruments and liquidity risk disclosures. These amendments entail a three level hierarchy that takes into account the significance of the inputs used in making the fair value measurements. Additional disclosure has been included in the Company's financial statements (See Note 5 to the unaudited financial statements as of August 31, 2012.)

Future accounting changes

i. Business combinations, Section 1582:

This Section, which replaces the former Business Combinations, Section 1581, establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations".

The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted, in which case an entity would also early adopt Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination in the future.

ii. Consolidated financial statements, Section 1601:

This Section, which, together with new Section 1602, replaces the former Consolidated Financial Statements, Section 1600, establishes standards for the preparation of consolidated financial statements.

The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, Business Combinations and Section 1602, Non-Controlling Interests. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination in the future.

iii. Non-controlling interests:

This new Section establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements".

This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted, in which case an entity would also early adopt Section 1582, Business Combinations and Section 1601, Consolidated Financial Statements. This Section will not impact the Company as it presently operates, however the Section will be effective if the Company undertakes a business combination in the future.

iv. International financial reporting standards:

The Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period.

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS on its financial statements. The Company has not completed development of its IFRS changeover plan, which will include project structure governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 ("First Time Adoption of IFRS") exemptions. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

RISKS AND UNCERTAINTIES

Risk Factors

In evaluating an investment in the Company's shares, in addition to the other information contained or incorporated by reference herein, investors should consider the following risk factors. These risk factors are not a definitive list of all risk factors associated with the Company and its business.

General and Industry Risks

As at February 29, 2012, the Company's working capital deficiency was \$137,916.

The Company intends to finance and pursue its objectives as an investment company over the following twelve months.

Securities and Dilution

The purpose of the concurrent financing is to raise funds to carry out the Company's business objectives with the ultimate objective of establishing a software company providing unique Web-based solutions to the small and medium-sized business enterprises. The only source of future funds presently available to the Company is through the sale of equity capital or the assumption of debt. There is no assurance that such sources of financing will be available on acceptable terms, if at all. If the Company seeks additional equity financing, the issuance of additional shares will dilute the interests of their current shareholders.

Competition

The computer software backup/recovery industry is intensely competitive in all of its phases, and the Company will compete with many companies possessing greater financial resources and technical facilities than the Company.

Conflicts of Interest

Certain of the Company's proposed directors and senior officers are directors or hold positions in other public companies. If any disputes arise between these organizations and the Company, or if certain of these organizations undertake transactions with the Company's competitors, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other organizations. In addition, as applicable, such directors and officers will abstain from voting on any matter in which they have a conflict of interest.

No History of Earnings or Dividends

As a newly formed company, the Company has no history of earnings, and there is no assurance that the Company will generate earnings, operate profitably or provide a return on investment in the future. The Company has no plans to pay dividends for the foreseeable future.

Potential Profitability Depends Upon Factors Beyond the Control of CDP

The potential profitability of the Company is dependent upon many factors beyond the Company's control. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, regulatory compliance or other production inputs. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, events which cause worldwide economic uncertainty may make raising of funds for development difficult. These changes and events may materially affect the financial performance of the Company.

Dependency on a Small Number of Management Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company and its business operations.

Officers and Directors

Van Potter	President and CEO, Director
Brian Cameron	CFO and Director
Jack Saltich	Director

Contact Address:

Canadian Data Preserve Inc.
1140-1185 West Georgia Street
Vancouver, BC
V6E 2E6