MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED AUGUST 31, 2013

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 Certive Solutions Inc. (formerly VisualVault Corporation., the "Company") for the quarter ended August 31, 2013. The MD&A should be read in conjunction with the unaudited annual financial statements as at August 31, 2012. The MD&A has been prepared effective October 28, 2013.

SCOPE OF ANALYSIS

The following is a discussion and analysis of 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, B.C. V6E 4E6. The Company reports its financial results in Canadian dollars and under Canadian generally accepted accounting principles.

Definitions and Clarifications

The MD&A for the quarter ending August 31, 2013 and the preceding MD&A filed for the year ended May 31, 2013 up to and including subsequent events as of September 29, 2013, makes reference to certain terminology that for clarification requires definition. Readers are asked to read this MD&A and the MD&A filed effective September 29, 2013, with reference to these following definitions.

a) Licensed Technology: Licensed Technology is deemed to exist wherever the Company has a commercial agreement to develop a use-case specific product using any number of software platform vendors. The commercial relationship and therefore a license to utilize a vendor platform is deemed to exist wherever the Company has general agreement to move forward with a commercial relationship to engage in business development opportunities with the vendor, has engaged the vendor in a statement of work to develop workflows on the vendor's platform, or wherever there is a commercial relationship between the vendor and the Company which may take the form of a royalty paid to the vendor, a revenue sharing agreement or a per user per month hosting and participation relationship.

b) Comparative Technology Assessment: As part of its solution planning process the Company commissioned an independent technology assessment for the express purpose of measuring the value proposition of various business process management software platforms currently available on the market relative to the needs of the Company's target use-cases. The assessment was prepared by highly credentialed experts. It concluded that there are many vendors of software platform technologies available on the market

today and while they each have their own features and benefits, the vast majority of such platforms are generally indistinguishable specifically as it relates to their adaptability to workflow use-cases of interest to the Company. The conclusions do not represent a general statement on the value of the respect platforms and general commercial suitability. The assessment also concluded that the key to success in each target use-case is not the software platform used but the understanding of the specific needs of each use case, the definition and configuration of the platform and extended solution, and the implementation of the solution with each respective customer. This is not a platform dependent activity and therefore the Company concluded that it can utilize scarce cash resources more appropriately by being vendor agnostic and by not making costly platform acquisitions at this time.

Overview

The fiscal year ended May 31, 2013. During the quarter ended August 31, 2013 and the subsequent period up to and including the date of this MD&A a number of significant and material events occurred which are summarized in this overview and discussed in more detail elsewhere in the MD&A.

1. The Company's elected to broaden its scope and expand its business plan to focus specifically on building a business process management software company targeting the revenue lifecycle management segment of the U.S. healthcare industry using both licensed and proprietary technology platforms. This expanded plan will be described in later sections of this MD&A.

   The Company has introduced a highly credentialed senior executive team, each having years of experience in business process management and the U.S. healthcare industry, it was concluded that the Company needed to broaden the scope and the depth of its product offerings, and target a unique niche market with easy adoption metrics. The Company's strategic plan is to execute an organic and acquisitive growth strategy that leverages the technical capabilities of the expanded management team thereby facilitating near term revenue recognition.

   To implement the Company's strategic plan post year-end, management began the process by re-branding the Company, completing a detailed analysis of the opportunistic sectors within revenue lifecycle recovery and securing both the human and financial capital to execute on revenue recognition within the denied claims sector for selected US hospitals and hospital systems. The Company has also identified potential acquisition targets that initially represent strategic partnerships for revenue generation but then become acquisition targets by virtue of the incremental value ascribed to them, post-acquisition, through technology platform enablement.

2. On April 17, 2013, the Company unanimously agreed to appoint John Shackleton to its Board of Directors. Mr. Shackleton then agreed to serve as Executive Chairman. Mr. Shackleton currently serves as President and Co-CEO of SilkRoad. SilkRoad is a leading provider of cloud-based, end-to-end HR solutions. Mr. Shackleton has been an innovative visionary in the software industry for more than 30 years. Prior to joining SilkRoad in 2012,

Mr. Shackleton served as the CEO of Open Text Corporation (NASDAQ:OTEX)(TSX:OTC) for 8 years, leading it to a $1.0 billion (USD) software company that became the world's leading independent provider of enterprise content management software. Mr. Shackleton's extensive background in software and services management includes consulting, product development, sales management, and strategic planning roles in the Information Technology Industry. He joined OpenText from PLATINUM Technology, Inc., where he was President of the PLATINUM Solutions Division, providing consulting services to Global 2000 customers. Previously, he served as Vice President of Professional Services at Sybase®, Incorporated for the Central U.S. and South America. In addition, Mr. Shackleton served as Vice President of Worldwide Consulting at ViewStar® Corporation, a document management imaging company based in the San Francisco Bay Area.

3. On June 17, 2013, the Company announced the first closing of a $9,600,000 private placement of Units in the Company's capital stock. The Company received subscription agreements on the first tranche for gross proceeds of $1,400,000. A total of 4,666,667 units were subscribed for on this first Closing. Of that, 2,666,667 pre-consolidated shares have been issued at the date of the MD&A. The remaining shares will be issued on a post-consolidated basis subsequent to the consolidation being effected. Each unit consisted of one common share and one common share purchase warrant, offered and sold at a price of $0.30 per Unit, on a pre-consolidated basis. Each warrant is exercisable at $0.35 for a period of two years from the closing date. As noted below, the Company intends to complete the balance of the offering with post-consolidated shares. The consolidation ratio is one post-consolidated share for two pre-consolidated shares. The Company has undertaken to ensure that those subscribers to the first closing will have Units issued on an identical basis to the final closing of Units Accordingly additional shares may be issued to effect this commitment, subject to regulatory approval.

   The net proceeds of the private placement have and are being used for business development purposes, specifically for developing use-cases in denied claims recovery, identifying initial customers in that sector, targeting sales and marketing initiatives related to the organic business, identifying acquisition targets, engaging with two strategic partners (see below), developing the technology, business go to market strategies and for general working capital.

4. Effective June 15, 2013, the Company retained Byron Capital Markets Ltd. ("Byron") to provide market making services in accordance with Canadian National Stock Exchange ("CNSX") Rules. Under the terms of the agreement (the "Agreement"), Byron received cash compensation of $5,000 per month.

   Effective September 24, 2013, the agreement with Byron was terminated in favor of pursuing a new agreement with Integral Wealth Management Inc. a firm in which the trader responsible for Byron's relationship with the Company, is now affiliated.

5. The Company has engaged with two firms that are critical to executing its stated business plan.

   Third Core Venture Expansion Partners of Toronto Ontario: Third Core provides the Company with an experienced, outsourced capability in all of its sales and marketing

programs where execution in a timely manner and meeting financial goals are the focused objectives. Ian Gilbert, founding partner of Third Core also serves as the Company's Chief Revenue Officer.

AppCrest Inc. of San Jose California: AppCrest has been engaged to develop both the product plan for the Company and to bring to market a new platform solution to merge and manage disparate apps in information rich environments within the healthcare market. This platform will become a key differentiator for the Company as it seeks long-term mutually beneficial relationships with U.S. hospital systems. Kamran Kheirolomoom, founder of AppCrest, has also agreed to serve as a director of the Company, effective upon the second closing of financing as noted above. Mr. Kheirolomoom previously led the business process management division of OpenText and is a longtime associate of the Company's Executive Chairman, John Shackleton, and former CEO of OpenText.

6. Business Development Matters: The Company is currently developing products using its licensed technology as defined above in partnership with platform vendors for use-cases identified in both denial management and public safety. The Company has secured a strategic partner based in Phoenix, Arizona, who is actively engaged in emergency medical response planning at both the State and County level. In addition, and with the same partner, the Company is developing a product to control the distribution of vaccines that will serve as a tracking system and enable cost management through the ability to quantify the use and return of vaccines. This project is a State/County endeavor. The Company is also actively pursuing business in both the denial management and zero balance sectors of the revenue cycle management market for US hospitals. The Company has validated its plan for a revenue share model. Denied claims account for an average of 5% of gross revenues for most hospitals in the United States, with some as high as 17%. The recovery process has traditionally been burdened with time consuming and expensive labor-intensive business processes and technical solutions that do not easily adapt and integrate to other currently installed tools within patient accounting systems. The Company's workflow automation processes and products will significantly impact efficiency and accuracy of the process and will result in improved revenue recovery with no direct or up-front cost to a hospital or hospital system. Decision makers representing 120 hospitals in the U.S. have now been engaged by the Company in addition to 220 care facilities all of which represent the pool of targeted opportunities for the Company's products and services. In addition, three US strategic partnerships are being finalized representing access to the denied management ecosystem as both customers and potential acquisition targets.

7. The Company completed a consolidation of its capital on a 2:1 basis and changed its name to Certive Solutions Inc. This signifies the Company's intention to focus initially on certain attractive segments of the U.S. Healthcare Industry, specifically the hospital revenue lifecycle management segment and further to be platform agnostic and have ownership of use-case specific platforms developed on state of the art, cloud based architecture.

   Thus the result financing presently being conducted will be completed on a post-consolidated basis.

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. The Company 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 History

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 the CNSX, until August 6, 2010. The Company commenced commercial operations by acquiring a license from Advantive Information Management (AIM) to market and distribute AIM's software and services in Canada. On May 5, 2011, the Company expanding its operations from that of a licensee of the AIM software to a partial owner of AIM and completed an acquisition of 10% of the issued and outstanding shares of AIM for and in consideration of 8,958,000 common shares of the Company. The Company also raised a total of $147,000 by way of the issuance of common shares at a price of $.05 per share, issuing a total of 1,940,000 common shares. In addition, the Company raised a further $50,000 by way of the exercise of stock options by issuing a total of 1,000,000 common shares at a price of $.05 per share.

After listing on the CNSX, the Company consolidated its capital on a 7:1 basis subsequent to a shareholder meeting held on December 7, 2011. The Company issued 9,735,143 post-consolidated common shares to acquire the remaining 90% of AIM. The Company's initial objective was to acquire undervalued IT service companies and to build an information technology solutions and services company targeted at selected vertical markets. AIM was formed to make strategic acquisitions in the IT services market based upon the diminished valuation of companies in this sector that as a result of a recessionary economy were struggling financially, yet whose technologies, products or services represented exceptional opportunities when offered as an integral part of a "service wrap" offering. AIM's flagship tool, R2 Software, was acquired from R2 Software A/S in 2010 and was built to provide the ability to continuously back up mission critical data across multiple legacy operating systems. The target market was manufacturing environments comprised of long-lived assets where legacy operating systems are commonly used and downtime is unacceptable. R2 has been proven for use at a Tier 1 global manufacturer with over 3000 client installations.

The opportunity to further commercialize the R2 Software and acquire undervalued IT assets has been tabled in favor of the new focus for the Company, being the building of a business process management software company targeting the revenue lifecycle recovery segment of the US healthcare market.

In late 2011, the Company purchased 100% of the issued and outstanding shares of VisualVault Technologies Inc. (VVT) for 13,275,000 post-consolidated (7:1) common shares of the Company and the assumption of VVT's obligations to purchase the assets of Auersoft LLC. The Company and VVT were obligated to pay a total of $5,586,250 in cash and shares for the asset purchase and it was contemplated that the acquisition would close prior to December 31, 2012. The purchase did not close by that date and as a direct result of amendments to the capital gains taxation policies in the United States, that became effective January 1, 2013, the purchase price was increased by in excess of $1,000,000. Several closing extensions were negotiated between the Company, VVT, and Auersoft LLC up to and including an extension negotiated, effective May 31, 2013, extending the closing to July 2, 2013.

With the appointment of John Shackleton to the Board of Directors on April 17, 2013, management was tasked to assess the merits of the Auersoft asset acquisition, particularly in light of the increased acquisition cost and the coincident determination that the Auersoft platform, while comparable with other BPM platforms, was not unique or special and that it if the Company could continue to utilize the Auersoft platform under use case specific license, the application of its cash resources could be more appropriately redirected. This followed the commissioning and receipt of an independent technology assessment as defined above, which among other things mapped the business process management technology market and provided clarity on the best course of action with respect to the previously intended asset purchase and solution set required for the Company to execute on its business plan.

The Company therefore elected to terminate its intention to fund and therefore complete the Auersoft asset purchase. It changed its name to Certive Solutions Inc., in favor of utilizing the Auersoft platform under use case specific licenses as defined above and vigorously pursuing sales and marketing opportunities as a business process management software solution provider focused on attractive segments of the US healthcare industry. To this end, management and the Board of Directors have worked diligently to expand the management team and draw upon the highly credentialed and well-known industry experts in business process management software and healthcare domains. The Company's Chairman, Mr. Shackleton, has been instrumental in bringing mission critical expertise to the Company including Kamran Kheirolomoom, and the entire AppCrest development team.

Critical successes emerging from these associations, post year-end have had the following results:

- The Company has embarked upon a technology development process, in direct association with AppCrest Inc. that will cause the Company to own intellectual property associated with "SmartService" applications of the AppCrest platform in Healthcare. This will be a key differentiator in all of the Company's go to market strategies (see below).

- The Company has identified additional key "C" level management team members including both a highly credentialed CTO and Product Manager.
- The Company has identified several key acquisition targets, primarily consultancies and service providers in the revenue lifecycle management sector of the US Hospital market.
- The Company successfully completed the first closing of its private placement and secured $1,400,000 in capital which has been utilized to complete the pre-sales and technology development undertakings noted above and referred to in greater detail in subsequent sections of this MD&A.

Share Consolidation and Name Change

Background

Shareholder approved a special resolution to consolidate the Company's capital on the basis of one new share for every two shares held. The resolution was approved at a shareholders meeting held on December 7, 2012. Management originally intended to complete the consolidation concurrently with an $8,000,000 financing lead and structured by its counsel at the time, Wildeboer Dellelce, of Toronto, Ontario. As an integral part of the financing effort there were several imposing conditions placed upon certain of the shares issued and outstanding prior to the consolidation. In April 2013 management assessed the likelihood of success in closing this financing and concluded that the probability was low. The relationship with Wildeboer Dellelce was terminated and the consolidation was placed in abeyance. During April 2013 and after the appointment of John Shackleton to the Board of Directors, the broader vision for the Company was constructed and along with this intention was the continuing need to complete the consolidation which in light of current market conditions, mandates a consolidation to facilitate completion of the required financing.

Concurrently due to the broadened scope of the business plan, management also concluded that the Company should change its name so as not to wholly associate with the VisualVault platform, owned by Auersoft LLC. The Company and Auersoft LLC were in full agreement on the necessity to distinguish the two entities. The Company, by virtue of its articles of incorporation, does not require shareholder approval to change its name.

Accordingly both the name change and the previously approved consolidation were effected in October 2013.

Principal Effects of the Consolidation

As of May 31, 2013, there were 28,317,354 shares issued and outstanding. The Company issued a further 2,666,667 shares in respect of a first closing of its currently active private placement in June 2013. The total number of shares presently issued and outstanding is therefore 30,984,021. Following completion of the proposed consolidation, the number of Shares of the Corporation issued and outstanding will be 15,492,011.

As the Corporation currently has an unlimited number of Shares authorized for issuance the consolidation will not have any effect on the number of Shares that remain available for future issuances.

The consolidation may result in some shareholders owning "odd lots" of less than 500 Shares of the Corporation on a post-consolidation basis. Odd lots may be more difficult to sell or require greater transaction costs per share to sell than shares in "board lots" of even multiples of 500 shares. Brokerage commissions and other costs of transactions in odd lots are often higher than the costs of transactions in "roundlots" of even multiples of 500 shares.

The consolidation will not give rise to a capital gain or loss under the *Income Tax Act* (Canada) for a shareholder who holds such Shares as capital property. The adjusted cost base to the shareholder of the new Shares immediately after the consolidation will be equal to the aggregate adjusted cost base to the shareholder of the old Shares immediately before the consolidation.

Procedure for Consolidation

Promptly after the completion of the consolidation, the Corporation will give written notice thereof to all registered shareholders of the Corporation and will provide them with a form of a letter of transmittal to be used for the purpose of surrendering their certificates representing the currently outstanding Shares to the Corporation's registrar and transfer agent in exchange for new share certificates representing whole post-consolidation Shares of the Corporation. After the consolidation, current issued share certificates representing pre-consolidation Shares of the Corporation will: (i) not constitute good delivery for the purposes of trades of post-Consolidation Shares; and (ii) be deemed for all purposes to represent the number of post-Consolidation Shares to which the shareholder is entitled as a result of the consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his, her or its current issued certificates.

Financing

On June 13, 2013, the Company announced its intention to conduct a $9,600,000 private placement of Units in its capital stock. Each Unit comprised one share and one share purchase warrant and was priced at $0.30 per share on a pre-consolidated basis. The effect of the consolidation noted above is that the Units would have an effective price of $0.60 per Unit on a post-consolidated basis. The warrants had an exercise price of $0.35 per share on a pre-consolidated basis ($0.70 post-consolidated). On June 17, 2013, the Company announced a first closing of the private placement in the aggregate amount of $1,400,000.

As a result of the revised direction of the Company and in particular to intention to not fund closure of the Auersoft asset purchase, negotiations are ongoing to revise the offering terms which will incorporate the first closing accounts for $1,400,000. The Company intends to finalize this placement prior as soon as possible. It may be necessary to re-price the financing in light of the consolidation. Accordingly the Company has represented to the initial first closing subscribers that their participation will be amended to reflect the final offering terms of the private placement.

The Company's Business

The Company is a Vancouver British Columbia based public company and its shares trade on the Canadian National Stock Exchange (CNSX: CBP). The Company has two wholly owned subsidiaries; Advantive Information Management and VisualVault Technologies, Inc. (name to be changed to Certive Technologies Inc.), each operating as independent subsidiaries.

Manuweb obtained approval at a shareholders meeting held on December 7, 2011 to change its name to VisualVault Corporation, consolidate its capital on a 7:1 basis, acquire VVT and acquire the remaining 90% of AIM.

The Company has approval and is currently completing a further consolidation of its capital on a 2:1 basis concurrent with a change of name to Certive Solutions Inc. and the related branding associated with the name change.

Description of the Business

The Company has changed its name to Certive Solutions Inc. to reflect an expanded business model supported by an ecosystem of seasoned and internationally recognized leaders in business process management software space with targeted emphasis within the US healthcare market. The Company has chosen to focus on several subset market opportunities within the US healthcare market known as revenue lifecycle management. Included in this category are denied claims to hospitals and hospital systems, zero balance claims, and self-pay claim recovery.

Broadly stated, the Company is to be leading provider of cloud business process management software solutions to the US healthcare market. The Company currently has 14 contracted employees of which 5 support the sales and marketing functions and 6 support the Company's technology development initiatives. The Company is headquartered in Scottsdale, Arizona, with offices in Toronto, Ontario.

The Company's strategy is to utilize its technology platforms, leveraging the cloud, to streamline healthcare service base processes. In addition, the Company intends to deliver modern process-based "SmartService" hubs and apps to the healthcare marketplace, initially targeting the revenue lifecycle management market and delivering use-case based solutions to hospitals and hospital systems in the US.

The Company's greatest asset and strength is its expanded human capital.

John Shackleton, Executive Chairman of the Board, has been instrumental in shaping the Company's focus on one specific niche within the US healthcare market and utilizing that foothold to expand both within healthcare and beyond, deploying strategies that include strategic partnerships and accretive acquisitions. Mr. Shackleton is the former CEO of OpenText and led that company from revenues of $50mm to over $1.3 billion prior to his retirement in December 2012.

Kamran Kheirolomoom is founder of the Company's strategic technology partner AppCrest Inc. Mr. Kheirolomoom will serve as a director of the Company upon closing the second tranche of the Company's private placement referred to above. Mr. Kheirolomoom previously led the

business process management division of OpenText and is a longtime associate of the Company's Executive Chairman, John Shackleton. AppCrest supports a vast global network of seasoned professionals in BPM, all of who provide technology enablement support to the Company.

Ian Gilbert, the Company's Chief Revenue Officer, is also the founding partner of Third Core Venture Expansion Partners of Toronto, Ontario, who collectively provide the Company with an experienced outsourced capability in all of its sales and marketing programs where execution on closing accounts for organic growth in a timely manner and meeting financial goals are the focused objectives.

Van Potter, the Company's CEO is a co-founder and director of the Company and has over 30 years' experience as a tech executive including former CEO of InPlay Technologies (NASDAQ: NPLA), and Vice President of Business Development Pixtronix; Vice President of Business Development of International DisplayWorks (NASDAQ), Three Five Systems Senior Vice President (NYSE).

Brian Cameron, the Company's CFO is also a co-founder and director of the Company with over 30 years' experience as CFO of companies engaged in manufacturing, product development and technology commercialization. Mr. Cameron is a recognized leader in innovative trading platforms for early stage companies.

Target Market and Differentiation

Based upon the re-direction of both human and financial resources, the Company has chosen the US healthcare market as its initial target market and specifically the revenue cycle management for hospitals segment as the entrance point. Within this broad category are several subset opportunities all with varying degrees of size. These categories include, denial management, zero balance claims recovery and self-pay claims recovery. Of this subset, the Company will initially focus on denied claims which are more particularly defined as hospital claims made to insurance providers for patient services performed in the hospital but for which some portion or all of the claim has otherwise been denied. There are multiple reasons for denial and with the growing complications associated with changes in coding requirements denied claims are expected to increase by over 400% in the coming years. Provisioning workflow solutions that improve the chances of recovery is therefore a target market of significant opportunity.

The Company has validated a revenue share model with hospitals that offers nominal up-front costs to deploy its workflow automation solutions. For hospitals and larger hospital systems this represents incremental net income that would otherwise be written off.

In addition, the Company is developing its proprietary Certive "SmartService™" hubs that will enable the delivery of direct and syndicated "Smart Process Apps" to healthcare service providers and related value chain participants. Smart Process Apps will address the largest issue in US healthcare today – bringing together the billing cycle process and the broader care delivery ecosystem. The product is being built on the next generation Appification Framework™ developed by AppCrest Inc., the Company's strategic technology partner.

The US Healthcare Market and Trends

Fundamental changes occurring within the US healthcare market are causing a shift from a business-to-business model to much more of a business-to-consumer marketplace. With that there is widespread reform throughout the payer/provider ecosystem. This reform is affecting how hospitals and insurance companies interact on a daily basis. Furthermore, these massive shifts are affecting core processes that drive legacy patient care delivery systems. This trend is creating new opportunities to automate processes in key areas including the management of insurance, eligibility verification, streamlined enrollment processes and transfers to other healthcare plans. With the implementation of Affordable Care Act (ACA), government involvement in the insurance and patient services components of US Healthcare is steadily increasing. Consumers, thus patients, are being encouraged to be more responsible for their personal health and the care they receive. Increasing costs are mandating a more accountable environment ranging from the patient to all forms and types of providers. The industry is poised to accept new and previously resisted technologies that will transform business models and service delivery methods. Consolidations of industry groups are also emerging as the industry attempts to contain costs in a highly unstable environment.

The following illustrates the value of business process management to the healthcare industry generally:

General Benefits

- Reduce administrative task burden to enable more focus on patient care
- Increases staff productivity by allowing them to focus on high value workload
- Improves organizational efficiency by identifying wasteful activities
- Increase accuracy by reducing the risk of human error
- Mitigate financial, operational and clinical risks
- Improve process visibility, control and optimization
- Improve response to business & regulatory change

Payer Benefits

- Increase market share
- Optimize the payment lifecycle
- Improve operational efficiency
- Ensure regulatory compliance
- Enable transition to coordinated care

Provider Benefits

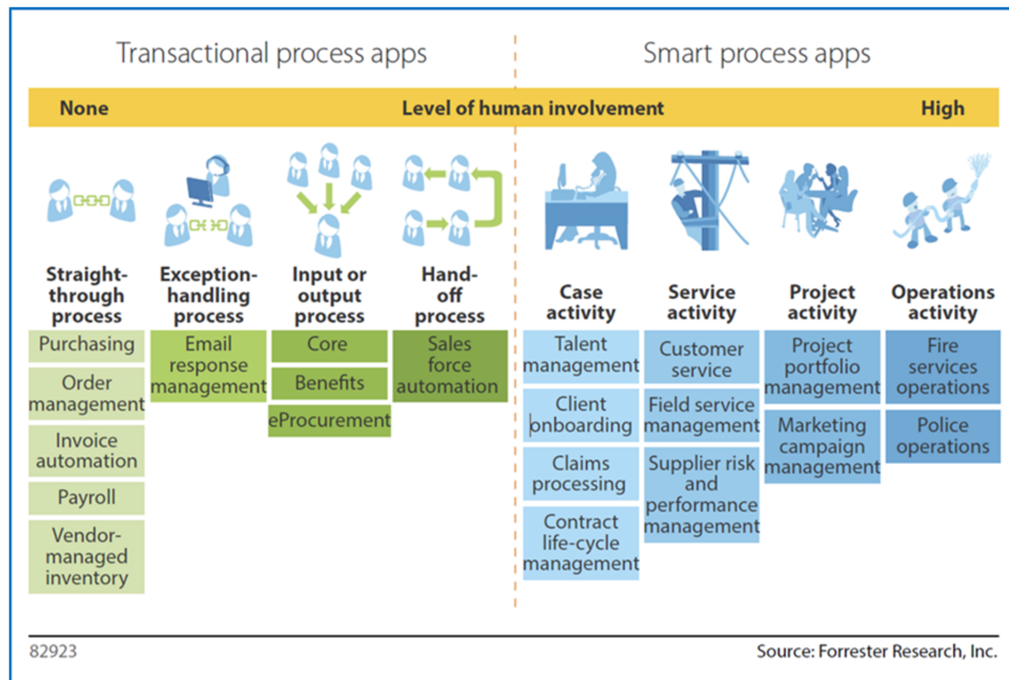
- Improve patient outcomes
- Reduce the cost of care
- Eliminate waste
- Ensure regulatory compliance
- Enable patient-centered collaboration

Healthcare requires the full range of business process management capabilities as the following diagram illustrates:

Document Workflow
Automates the capture, conversion, indexing and routing of documents to transform paper-bound processes.

Process Management
Automates highly structured, predictable processes to optimize work handling, throughput and workforce utilization.

Case Management
Automates collaborative, people-driven and information-intensive processes with variable handling requirements.



Healthcare Smart Process Market Projections: *"Healthcare has become a heightened regulatory environment which serve as a driver of demand information capture and smart process technologies."*

	2010	2011	2012	2013(F)	2014(F)	2015(F)	CAGR
Industrial & Energy Products	$ 709.47	$ 843.79	$ 1,004.12	$ 1,200.32	$ 1,418.87	$ 1,649.75	18.39%
Transportation & Logistics	$ 446.94	$ 535.20	$ 619.90	$ 751.85	$ 880.59	$1,113.54	20.03%
Utilities	$ 358.33	$ 415.46	$ 527.89	$ 655.51	$ 777.30	$ 945.24	21.41%
Financial Services	$ 1,368.89	$1,553.71	$ 1,899.15	$2,399.67	$2,872.44	$ 3,257.30	18.93%
Insurance	$ 651.78	$ 723.77	$ 833.13	$1,050.88	$ 1,291.56	$ 1,531.18	18.63%
Healthcare	$ 422.24	$ 506.51	$ 602.47	$ 764.56	$ 954.65	$ 1,157.63	22.35%
Government	$ 1,204.21	$ 1,433.53	$ 1,680.42	$ 2,021.13	$ 2,458.97	$ 2,952.51	19.65%

Source: Forrester Consulting on behalf of Kofax, January 2013.

The Smart Process App market is over $17B in size with the healthcare segment of that market growing to $1B over the next several years.

Process Applications in Healthcare cover a broad range of participants including suppliers, payer regulators, providers, physicians, and patients, including:

Supplier

- ☐ Clinical Trial Team Collaboration
- ☐ Clinical Trial Operations
- ☐ Contracts Management
- ☐ Litigation Support
- ☐ Regulatory Compliance

Payer/Regulator

- ☐ Authorizations Management
- ☐ Charge Tracking
- ☐ Claims Auditing
- ☐ Claims Processing
- ☐ Eligibility Verification
- ☐ Payment Management
- ☐ Policy Enrollment & Management
- ☐ Provider Contracts Processing
- ☐ Records Update Processing
- ☐ Regulatory Compliance

Provider

- ☐ Administrative Approvals
- ☐ Clinical Care Management
- ☐ Contracts Management
- ☐ Denial Management (OUR FOCUS)
- ☐ Donor Registration
- ☐ Incident Reporting

- [ ] Invoice Processing
- [ ] Medicaid Case Management
- [ ] Medical Billing
- [ ] New Hire Onboarding
- [ ] Order Referral Management
- [ ] Patient Admissions & Discharge
- [ ] Payroll Processing
- [ ] Physician Surveys
- [ ] Revenue Cycle Management (OUR FOCUS)
- [ ] Service Delivery Tracking

Physician

- [ ] Diagnostic Assistance
- [ ] Outpatient Order Submission
- [ ] Physician Services
- [ ] Patient Records Review

Patient

- [ ] Patient Enrollments
- [ ] Complaints & Grievances
- [ ] Correspondence Management
- [ ] Patient Support (Portal)

Targeted Use-Case Market Opportunities

The Company has targeted five principal market opportunities within the healthcare market.

Revenue Cycle Management: This category includes denied claims management, zero balance claims recovery, and self-pay claims recovery. Denied claims management is the primary target for the Company in the following two years of planning. U.S. hospitals write off between 3% and 17% of their annual revenues to denied claims due to coding errors, lack of pre-approvals, lapsed coverage, or wrong category allocation. More than 50% of these denied claims are simply written off by the hospital. The Company has validated its revenue share model in which it will share proportionately in recovered revenue resulting from denied claims. Deployment of the "Certive Solution" will serve to automate each hospital's distinct processes and workflows, with a resulting efficient and effective recovery of previously denied claims

Behavioral Health: This category involves case management for behavioral health patients, including gambling, alcohol and drug abuse. Additionally, this use case has significant additional application in managing chronic illnesses such as diabetes, congestive heart failure and asthma. These illnesses are significant burdens on the healthcare system as they are managed over long periods of time. Over 2 million discharges annually from U.S. hospitals are directly attributable to mental health or substance abuse issues and over 5 million emergency room visits annually are attributable to behavioral health issues indicating the need for improved behavioral health management. Behavioral health care is accessed in a fragmented fashion, mainly via non-dedicated healthcare facilities. Better coordination and integration of behavioral care will reduce costs and improve outcomes – a core target for the Affordable Care Act (ACA). Re-injuries can be reduced by up to 50%, and emergency room visits can be reduced by up to

42%, leading to significant cost savings. The Company's targets include over 4,000 hospitals, 166 Accountable Care Organizations, 8,000 health care delivery sites and State run programs.

Emergency Response Compliance: This category addresses a unique niche opportunity to develop compliance protocols implemented with the Company's workflow tools to address the need for executable action plans in the case of major emergencies or disasters.

Care Decision Making and Credentialing: This category addresses a multi-billion dollar market associated with ensuring that caregivers are appropriately and timely licensed to provide their services both as independent practitioners and as employees of large healthcare systems.

Vaccine Inventory Management: This category addresses a federally funded process optimization and automation program related to the distribution and inventory management for federal vaccine programs.

Market Comparisons and Valuations

The Company recognizes that cloud-based software companies in large niche markets can command attractive valuation premiums. The key drivers in these valuations include growth forecasts, executive track records, and market definition and size, as well as public relations programs focused on messaging to the appropriate audience. Management has conducted an extensive comparative analysis of market valuations for companies operating as cloud enterprises in similar or complementary industries.

Market Valuation Comparative Analysis

As of October 28, 2103			Value, $M		Revenue, $M					
Company	Ticker	Price	MKT	EV	TTM	YOY Growth	GM	EBITDA Margin	EV /Rev	EV /EBITDA
athenahealth	ATHN	139.00	5,170	5,410	494	41%	52%	9%	11.0	125.8
Bazaarvoice	BV	9.78	722	656	169	25%	62%	-27%	3.9	9.8
Concur Technologies	CNQR	108.90	6,090	5,830	507	23%	62%	9%	11.5	126.7
Constant Contact	CTCT	27.78	852	727	269	13%	67%	7%	2.7	37.1
Cornerstone OnDemand	CSOD	49.81	2,560	2,490	149	66%	56%	-19%	16.7	N/A
DealerTrack Holdings	TRAK	38.75	1,700	1,680	432	26%	39%	14%	3.9	27.5
Demandware	DWRE	50.22	1,540	1,460	89	26%	62%	-13%	16.4	N/A
Exact Target - acquired	ET	33.75	3,004		292		63%		10.3	
inContact	SAAS	7.93	433	388	121	19%	50%	1%	3.2	228.2
IntraLinks Holdings	IL	10.04	553	544	225	7%	68%	1%	2.4	200.0
LivePerson	LPSN	9.59	518	442	168	12%	73%	8%	2.6	34.0
LogMeIn	LOGM	32.83	796	603	151	20%	82%	3%	4.0	144.6
NetSuite	N	104.55	7,770	7,570	357	35%	60%	-8%	21.2	N/A
OpenTable	OPEN	72.40	1,660	1,530	174	15%	60%	31%	8.8	28.3
OpenText	OTEX	77.82	4,550	4,640	1360	14%	64%	30%	3.4	11.3
Pega Systems	PEGA	38.20	1,450	1,270	479	12%	63%	14%	2.7	18.9
RealPage	RP	23.38	1,800	1,770	352	20%	55%	15%	5.0	32.8
Salesforce.com	CRM	53.04	31,580	34,330	3,470	31%	68%	2%	9.9	474.0
SciQuest	SQI	22.93	523	469	79	40%	58%	2%	5.9	271.1
Splunk	SPLK	60.37	6,390	6,210	241	50%	73%	-15%	25.8	N/A
Ultimate Software Group	ULTI	152.62	4,250	4,170	370	23%	51%	14%	11.3	78.7
Veeva	VEEV	41.00	5,000	5,200	180	100%	56%	22%	28.9	131.3
Vocus	VOCS	8.95	180	147	185	7%	74%	0%	0.8	167.0
Workday	WDAY	76.62	13,340	13,060	353	72%	44%	-31%	37.0	N/A

Business Development, Sales, and Marketing

Business development is planned in two phases:

Phase 1

- Drive revenue in denied claims management utilizing licensed platform technologies on a revenue share model with hospitals and the technology partner
- Target adjacent ponds in markets where similar technologies have been successfully deployed.
- Identify one acquisition target represented by a service provider consultancy that will initially serve as a strategic partner and latterly become a target for acquisition.

Phase 2

- Identify up to five acquisition targets, each of whom are currently service providers in the Company's targeted segments of Healthcare. The typical profile will be a $4,000,000 in revenue enterprise seeking to grow that will generate a minimum three times valuation lift with the enablement of Certive technology.
- Introduce the Certive SmartService™ solution to targeted sectors in healthcare.

RESULTS OF OPERATIONS – Three Months Ended August 31, 2013: Certive Solutions Inc. (formerly VisualVault Corporation)

Results of operations are reported on a comparative basis comparative with the quarter ended August 31, 2012.

The Company did not earn any income during the three months ended August 31, 2013.

For three months ended August 31, 2013, the Company recorded an operating loss of $538,782 comprised of consulting services of $136,000, professional fees of $31,380, sales and marketing costs of $226,899, travel and promotion costs of $4,602, investor relations costs of $54,362, other expenses totaling $85,539. At year end May 31, 2013, the Company wrote-down of goodwill in the amount of 9,368,440. The write down of goodwill resulted from the fact that the Company had not generated any revenue from the assets acquired in the preceding two fiscal periods. It is management's belief that the write down represents a highly conservative reflection of the prospect for generating revenues in subsequent reporting periods. In the event that the Company does in fact generate revenues in following fiscal periods the assets written down will be revalued on the financial statements. Given the broaden business plan set out above and the intention to grow aggressively through both organic and acquisitive activity, management is of the opinion that the asset value will be reflected more appropriately in subsequent periods.

The fully diluted loss per share outstanding as at August 31, 2013 was $.02 per share calculated on 30,984,021 consolidated weighted average common shares outstanding.

FINANCIAL POSITION

The financial position as at August 31, 2013 is reported on a comparative basis with the year ended May 31, 2012.

As at August 31, 2013, the Company had a working capital deficiency of $846,711, represented by cash on hand of $166,534 and amounts due from related parties and the government of Canada totaling $88,298 less accounts payable of $297,874, convertible debt totaling 302,574and short term loans totaling $500,915 for a working capital deficiency of $846,711.

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, 2013	May 31, 2012	May 31, 2011
Total Revenue	$ --	$ --	$ --
Interest income	$ --	$ --	$ --
Expenses	$9,368,440	$711,392	$135,851
Net loss	($9,368,440)	($711,392)	($135,851)
Total assets	$50,343	$9,281,412	$508,542
Total long-term liabilities	$ --	--	$ --
Net loss per share (basic and diluted)	($.37)	($.03)	($.01)

SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the four most recent quarters

	Three months ended			
	August 31, 2013	May 31, 2013	February 29, 2013	November 30, 2012
Total Revenue	$ --	$ --	$ --	$ --
Interest income	$ --	$ --	$ --	$ --

Expenses	$(538,782)	$8,447,844	$222,013	$263,680
Net loss	($538,782)	($8,447,844)	($222,013)	($263,80)
Net loss per share and diluted loss per share	($.02)	($.02)	($.02)	($.02)

LIQUIDITY

(a) The Company intends to complete a $2,800,000 non-brokered private placement to accredited investors in order to provide for marketing working capital, secure one acquisition and general operating working capital. (Note: $1,400,000 of this has been closed and completed.)

(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 funds received by the Company pursuant to the proposed $2,800,000 private placement, should provide it with the capital necessary for general and administrative expenses and for working capital purposes. The Company anticipates that such funds will be sufficient for its working capital requirements for the forthcoming 12 months

(d) The Company does not currently have any liquidity risks associated with financial instruments.

(e) The Company does not currently expect to have a working capital deficiency after it has completed the planned private placements of $2,800,000. However, if additional working capital is required in the future, the Company expects to meet such need through additional equity, or debt financing(s).

(f) There are no balance sheet conditions or income or cash flow items that may affect the Company's liquidity.

(g) The Company has two subsidiaries at the date of this MD&A; VisualVault Technologies Inc., a British Columbia corporation. No sales have yet occurred as the marketing process was impacted by management's decision to broaden its scope and re-direct cash resources to more accretive activities.

(h) 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

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.

OFF BALANCE SHEET ARRANGEMENTS

As at October 28, 2013, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Except for the transformation of its Business Plan into a Strategic and Tactical Plan as discussed above, the Company does not have any other proposed transactions to discuss at this time.

TRANSACTIONS WITH RELATED PARTIES

a) During the quarter ending August 31, 2013, the Company advanced $33,396 to Canadian Data Preserve, Inc., a company with common directors. The advances are secured with a promissory note bearing interest at 8% per annum. The note is due on or before May 31, 2014.

b) After the completion of the Plan of Arrangement Agreement, the Company paid and accrued consulting fees of $15,000 plus taxes to Tulox for services provided in spinning off Tulox's interest in the Licensing Agreement to a separate entity. As of August 31, 2013, the Company still owed Tulox $1,800 with respect to this service.

c) As of August 31, 2013, the Company owed $20 to Tulox with respect to funds advanced in order to cover monthly bank charges. The loan is non-interest bearing and has no fixed term of repayment.

d) During the quarter ended August 31, 2013 there was $111,466 owing to two directors.

e) During the year ending August 31, 2013, the Company paid management and consulting fees to its directors and officers totalling $136,000.

OUSTANDING SHARE DATA

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

Issued and Outstanding:

	Number of Shares		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 in respect of the acquisition of AIM	8,958,000		179,160

Issued for cash	1,940,000		97,000
Exercise of options	1,000,000		50,000
Balance as at February 28 2012	17,936,667	$	341,160
Consolidation 7:1 as at April 27, 2012	2,562,381	$	341,160
Issued in respect of AIM acquisition	9,735,143	$	3,407,300
Issued in respect of VVT acquisition	13,275,000	$	4,646,425
Issued in respect of private placement	2,550,830	$	1,075,396
Subscription Receivable		$	(20,000)
Balance as at May 31, 2012	28,133,354	$	9,450,281
Issued as Bonus on Debentures	184,000	$	108,820
Balance as at May 31, 2013	28,317,354	$	9,559,101
Issued as part of private placement	2,666,667	$	800,000
Balance as at August 31, 2013	30,984,021	$	10,359,101
Subsequent Consolidation 2:1	15,492,010		

Stock Options:

No stock options were granted or exercised during the period.

Warrants:

As at August 31, 2013 there were 1,278,034 warrants outstanding, exercisable until March 24, 2014 at a price of $2.00 per share.

CONTINGENCIES

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

SUBSEQUENT EVENTS

Subsequent to the Company's quarter ended August 31, 2013, the following material subsequent events are reported;

a) The Company changed its name in October 2013 and concurrently consolidated its capital on a 2:1 basis.

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 October 28, 2011, 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, particularly during the period in which reports are being prepared.

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 October 28, 2011, 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, 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 review 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.

These consolidated financial statements, including comparatives have been prepared inaccordance with International Accounting Standards ("IAS") 1, "Presentation of Consolidated financial statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

These consolidated financial statements were authorized by the audit committee and board of directors of the Company on October 28, 2013.

Comparative periods

Prior period comparative figures have been amended to conform to the current period's presentation. Previously, the Company's due from and due to related parties were reported separately on the statement financial position. They are now reported as a net figure under due from related party.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Depreciation

The Company's management exercises its judgment in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Company intends to derive future economic benefits from the use of these assets. The Company depreciates its license in accordance with the accounting policies stated in Note 3. The carrying amount of the license is disclosed in Note 7.

ii) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

iii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the

Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Statement of compliance to international financial reporting standards

These financial statements, including comparatives have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Financial Statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

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Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

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The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They

are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available for sale.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company’s receivables are classified as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Application of new and revised International Financial Reporting Standards

Effective January 1, 2013, the Company adopted the new and revised IFRS 12 *Disclosure of Involvement with Other Entities*, which requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effect of those interest on its financial position, financial performance and cash flows.

Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at August 31, 2013, and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Financial Instruments: Presentation

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities. The amendments is effective for years beginning January 1, 2014.

Financial instruments

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value though earnings. If this option is elected, entitles would be required to reverse the portion of the fair value though earnings. If this option is elected, entitles would be required to reverse the portion of the fair value due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for annual periods beginning on or after January 1, 2015.

Financial Instruments: Disclosures

The amendments to IFRS 7 outline the disclosures required when initially applying IFRS 9 Financial Instruments. The amendments is effective for years beginning January 1, 2015.

Interest-bearing loans and other borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable

is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Revenue recognition

Contract revenue is recognized when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the quarter ended August 31, 2013.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the

Company's risk management framework. The Company's financial instruments consist of receivables, accounts payable and accrued liabilities and due to related parties.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, accounts payable and accrued liabilities and due to related parties approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of harmonized sales tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As of August 31, 2013 the Company has no financial assets that are past due or impaired due to credit risk defaults.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar as the Company's head office and operations are in Canada. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no significant foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

Officers and Directors

Van Potter	CEO & Director
Brian Cameron	CFO & Director
John Ragan	Director
Jack Saltich	Director
John Shackleton	Chairman of the Board and Director

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