Redfall Technologies Inc.

Management Discussion and Analysis

For The Three and Six Months Ended June 30, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion & Analysis ("MD&A") is intended to provide readers with the information that management ("Management") of Redfall Technologies Inc. ("Redfall" or the "Corporation") believes is required to gain an understanding of the financial results of the Corporation for the three and six months ended June 30, 2014 and 2013 and to assess the Corporation's future prospects. Accordingly, certain sections of this report contain "forward-looking statements" and "forward-looking information" (collectively, "Forward-Looking Information"), as defined under applicable Canadian securities laws, which are based on current plans and expectations. See under the heading "Special Note Regarding Forward Looking Information".

This MD&A, presented and dated as of September 2, 2014, should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2014 and the audited consolidated financial statements for the year ended December 31, 2013.

The Corporations' unaudited condensed interim consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The operations of the Corporation have been primarily funded through private placements of equity. The continued operations of the Corporation are dependent on the Corporation's ability to generate profitable operations in the future, to receive continued financial support from related parties and shareholders, and/or to complete sufficient equity financings.

The unaudited condensed interim consolidated financial statements do not reflect the adjustments, if any, or changes in presentation that may be necessary should the Corporation not be able to continue on a going concern basis.

All currency amounts in the accompanying the financial statements and this MD&A are in Canadian dollars unless otherwise noted.

Special Note Regarding Forward Looking Information

Certain statements in this MD&A, other than statements of historical fact, may include Forward-Looking Information that involves various risks and uncertainties. These can include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the online payment processing industry as well as those factors set forth under the heading "*Risk Factors*" in the joint management information circular of Southtech Capital Corporation ("Southtech") and Redfall dated July 31, 2014. These risks and uncertainties may have a material impact on future prospects and may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. Since actual events and results could differ materially, the reader is cautioned not to place undue reliance on any Forward-Looking Information. The Corporation assumes no obligation to update Forward-Looking Information should circumstances or Management's estimates or opinions change.

Core Business and Strategy

Redfall is a payment processing business that has spent recent years developing and launching a new payment gateway technology called Vogogo (vogogo.com) ("Vogogo") that serves as the central point for transaction processing between business, customers and banks. Vogogo includes comprehensive risk management and Know Your Customer ("KYC") processes that meet the highest security standards, combined with a bundled suite of payment services. As well, the Vogogo platform runs entirely on a cloud-based hosting platform. This unique combination gives Redfall the security, flexibility and scalability to meet the demands of a market place seeking reliability, speed and cost effectiveness. Vogogo has been well tested in close coordination with its early adopters (beta users), having successfully processed hundreds of millions of dollars of electronic transactions to date. Redfall is moving forward with its plan to commercially market the Vogogo payment processing platform to businesses in the United States ("US") and in Canada.

A primary service provided by Redfall is electronic commercial bank payment processing. Redfall believes the US and Canada lag behind other mature economies in the adoption of electronic payments. While adoption is progressing, paper cheques continue to be a significant component of the overall US and Canadian payment landscape, with corresponding high costs and slow settlement speed. This situation is primarily due to the banks' slow pace in modernizing their business models to offer effective electronic transaction solutions to the market, particularly for business-to-business payments and receivables.

Paper cheques are time-consuming and expensive for a business to process. They require a manual process of printing, signing, fulfilling, delivering, depositing and reconciliation. Vogogo's payment solutions streamline the accounts payable process. There is considerable opportunity for the conversion of paper to electronic payments for providers that can meet the demands of business owners.

Redfall also provides card-based payment services. Recently, Visa and MasterCard created a new card-based payment processing structure referred to as a payment services provider ("PSP"). A PSP is a third party service provider with the technical and operational capabilities to take on the responsibilities traditionally held by the banks. Unlike banks, some PSPs can very quickly approve and set up new clients, thereby removing friction and cost from the transaction process.

Despite its potential, securing PSP status is very difficult and there are significant barriers to entry. A PSP must have the endorsement and sponsorship of a bank capable of supporting a PSP structure. This initial step requires significant industry credibility, experience and good will. Importantly, securing PSP status requires the skill and technology necessary to effectively manage transaction risks in an automated fashion. This technology must meet and exceed all regulatory requirements as well as pass the initial and on-going scrutiny of the sponsoring bank and payment card industry ("PCI"). PSP platforms that meet these requirements are new and relatively few in the payments industry.

Traditional card payment service providers do not compete well against the many efficiencies of a PSP. However, traditional card payment service providers want to align and work with PSPs. With only a handful of active PSP platforms in the market and thousands of traditional providers, there is a significant opportunity to acquire or affiliate with traditional providers, allowing for quick growth.

Redfall successfully secured PSP sponsorship with Vantiv Inc. ("Vantiv") and Fifth Third Bank ("Fifth Third"), and has implemented full service PSP functionality into the Vogogo platform.

A key part of the Corporation's business plan includes marketing and selling services to the US market. While Redfall's technology is ready for the US market, the following milestones must first be achieved to go live in the US:

1) *Payment Card Industry Data Security Standard ("PCI-DSS") Testing and Audit* - As a payment processor, Vogogo Inc. ("Amalco") will be subject to a yearly audit and testing to demonstrate compliance with PCI-DSS as a condition of receiving PCI certification. Prior to going live in the US with the new banking partners, Vantiv and Fifth Third, the most recent PCI-DSS testing and audit must be finalized. Redfall has previous experience with PCI-DSS compliance. The process tests to confirm that Redfall properly handles sensitive payment card related data. An independent third party applies the testing and checks to ensure that all PCI-DSS standards and guidelines are met before providing certification. Redfall has completed the majority of the related tasks and it is believed to be well within Redfall's capabilities to finalize the audit and testing with an independent auditor. PCI certification with certain types of outstanding deficiencies is normal, provided the deficiencies are identified and there is a plan of action in place to rectify them. PCI-DSS compliance is an ongoing process for a PSP, including regular updates and adjustments. PCI certification for Redfall is subject to availability of a third party auditor, which is expected to be within 60 days, followed by 6 to 12 weeks of engagement with the auditor.

2) *Vantiv Testing and Certification* - Upon completion of the PCI-DSS certification, Amalco then qualifies to test and certify its technology integration to Vantiv. Redfall, to date, has no direct operational experience with Vantiv and it is possible that Vantiv may have technical limitations. The analysis based on the integration specifications indicates that Vantiv is very capable and will pose no technical limitations on Redfall. In the event that there are technical limitations, they can be rectified by either Amalco building further technology or Vantiv building further technology to address any limitations, or both parties working together to address the issues. Banking integration updates and adjustments are a part of doing business as a PSP. Redfall has successfully implemented similar integrations with several other banks and processors in Canada and the US. This milestone is subject to PCI certification and availability of Vantiv's certification and testing team. Availability of Vantiv's resources is expected to be within 60 days, followed by a 2 to 4 week engagement.

3) *Security Deposit with Vantiv and Fifth Third* - Prior to going live in the US with the new banking partners, Vantiv and Fifth Third, Redfall must place funds with Fifth Third as an interest-bearing security deposit securing Amalco's processing portfolio. The estimated time for completion is one day and Management expects this to be finalized in the third quarter of 2015 at an estimated total cost of $150,000.

About Redfall

Redfall is a private Corporation incorporated on January 23, 2008 under the *Business Corporations Act* (Alberta) as "Redfall Financial Inc.". On December 30, 2009, Redfall amended its articles to change its name to "Redfall Technologies Inc.".

Vogogo Inc. was incorporated under the *Business Corporations Act* (Alberta) on July 26, 2010 and is a wholly owned subsidiary of the Corporation. On February 27, 2014, Vogogo Inc. changed its name to Vogogo Canada Inc.

On August 13, 2012, Vogogo USA Inc., a Delaware Company, was incorporated as a wholly owned subsidiary of the Corporation.

The head office of Redfall is located at 400, 320 – 23 Avenue S.W., Calgary, Alberta, T2S 0J2. The registered office of Redfall is located at Torys LLP, 4600, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

BASIS OF PRESENTATION

The Corporation's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on September 2, 2014.

In this MD&A we describe certain income and expense items that are unusual or non-recurring. These terms are not defined by IFRS. Our usage of these terms may vary from the usage adopted by other companies. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results. Specifically, *Gross profit* and *Cash flow from operations* are undefined terms by IFRS. Where relevant, we provide tables in this document that reconcile non-IFRS measures used to amounts reported on the face of the consolidated financial statements.

Summary of Financial and Operational Results

The following table sets forth unaudited interim financial data prepared in accordance with IFRS for our the three and six months ended June 30, 2014 and 2013

Financial Snapshot

($)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues	68,767	9,892	188,896	23,551
Net loss and comprehensive loss	(2,060,333)	(345,767)	(4,437,848)	(689,120)
			As at June 30, 2014	**As at December 31, 2013**
Working capital (current assets less current liabilities)			1,299,384	(795,209)
Total assets			9,458,084	1,616,279
Total liabilities			7,992,940	2,242,237

Summary Results of Operations

($)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Loss from operating activities	(2,047,157)	(337,104)	(4,128,080)	(676,252)
General and administrative	517,311	211,165	1,019,956	263,328
Sales and marketing	318,745	61,768	409,375	119,879
Research and development	423,510	69,196	576,845	306,861
Transaction costs	370,154	-	370,154	-
Net cash used in operating activities	(866,930)	(461,132)	(1,734,931)	(550,954)
Non-cash operating items:				
Amortization and depreciation	2,422	4,867	4,844	9,735
Accretion	-	1,537	282,169	5,403
Share-based compensation	483,782	-	2,150,802	-
EBITDA	(2,044,735)	(332,237)	(4,123,236)	(666,517)
Adjusted EBITDA (EBITDA less Share-based compensation)	(1,560,953)	(332,237)	(2,187,434)	(666,517)

Net loss for the three months ended June 30, 2014 increased to $2.1 million compared to $0.3 million for the same period in 2013 and on a year-to-date basis increased to $4.4 million compared to $0.7 million for the same period last year. The majority of the increase in expenses for the six months ended June 30, 2014 was the result of a $2.2 million non-cash stock based compensation charge, of which $1.9 million was stock-based compensation and $0.3 million was included in general and administrative expenses as a result of issuance of stock options for consulting services. In addition, the Corporation incurred higher general and administrative, sales and marketing, and research and development related expenses in Q1 and Q2 2014 as compared to the same periods in 2013. The Corporation also incurred transaction costs of $0.4 million during Q2 2014 related to the proposed transaction with Southtech as described in Note 18 of the unaudited condensed interim consolidated financial statements as at June 30, 2014.

Effective April 1, 2014, CRA deemed the Corporation's business to be GST exempt and, as such, any revenues generated after that date will not attract GST nor will the Corporation be able to claim any input tax credits on GST paid.

A more detailed discussion of the results of operations for the three and six months ended June 30, 2014 follows.

Results of Operations

Revenues

	Three Months Ended		Six Months Ended	
($)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Revenues	68,767	9,892	188,896	23,551

As a payment processor, Redfall earns a fee for each transaction processed through its proprietary processing platform. The fee varies from customer to customer and is based on a number of factors including the value of the transaction, the aggregate value of transactions processed by a customer and the strategic value Redfall places on the customer. Revenue is recognized when the transaction is processed and the fee is earned.

Redfall is focused on growing its revenue base by providing payment processing services to under-serviced and emerging markets driven by web-based technologies. Specifically, Management believes that Redfall's technology has several competitive advantages in supporting risk management and payments for various crypto-currency exchanges and web-based businesses, as well as processing electronic accounts payable for large corporations that still rely heavily on paper cheque-based transactions.

For the second quarter of 2014, the Corporation's revenues increased by $58,875 or 595% when compared to the same period last year. On a year-to-date basis, the Corporation's revenues increased by $165,345 or 702% when compared to the same period last year. The significant increase in revenues occurred mainly as the Corporation commenced supporting transactions derived from crypto-currency exchanges. However, revenues decreased in the second quarter of 2014 compared to the first quarter of 2014 mainly due to the following reasons:

- The Corporation started processing for two Canadian crypto-currency merchants and it became apparent that the merchants were unable to perform effective KYC and transaction risk management. In order to bring on more merchants, the Corporation had to adjust its processing platform to enable scaling of its automated risk management and KYC functionalities. As a result, the Corporation has delayed boarding any new merchants until the upgraded platform is built and tested, which is expected to occur before the end of 2014. In the meantime, transaction volumes with the two merchants have declined significantly due to merchant-specific developments outside of the Corporation's control.

- A decision was made to delay entry into US markets until the upgraded platform development is completed, and it is expected that revenues from US merchants will commence by early 2015. It is expected that engagement in the US market will have a significant effect on its revenue.

- Further complicating the US market are the proposed crypto-currency regulations introduced in New York State in July 2014. The Corporation is currently reviewing the proposed regulations, the resulting effect on the industry, and the impacts for the Corporation's processing platform.

Based on these factors, Management believes that the revenue decline in the second quarter of 2014 is occasioned by the decision to delay boarding new merchants rather than a shortcoming in strategy or weakness in market demand.

General and Administrative

	Three Months Ended		Six Months Ended	
($)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
General and administrative	517,311	211,165	1,019,956	263,328

General and administrative expenses consist primarily of personnel costs, processing costs and overhead expenses relating to the Corporation's human resources, finance, legal, regulatory and administrative functions. General and administrative expenses increased from $211,165 in Q2 2013 to $517,311 in Q1 2014. On a year-to-date basis, general and administrative expenses increased from $263,328 in 2013 to $1,019,956 in 2014. Included in the year-to-date general and administrative expenses is a non-cash commission expense of $215,000 related to the issue of the 500,000 Class A common shares at $0.09 per share, which was below average market price. The fair value adjustment was calculated as the difference between $0.09 (issue price) and $0.52 (fair value market price) and was recorded as commission expense during the period. The increases in general and administrative expenses for the second quarter and year-to-date 2014 resulted from higher consulting and legal fees in support of the Corporation pursuit of several strategic options to enhance its future growth opportunities. It is noteworthy in considering the prior year figures that the Corporation had significantly reduced its operations as it focused on transitioning its technology and business activities away from the gaming industry.

Sales and Marketing

	Three Months Ended		Six Months Ended	
($)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Sales and marketing	318,745	61,768	409,375	119,879

Sales and marketing expenses consist principally of salaries, commissions and other costs associated with the Corporation's sales force, marketing and commercialization activities including advertising, collateral development and printing, travel, sales training, trade shows and pre- and post-sales technical support. Sales and marketing expenses for the second quarter of 2014 were higher by $256,977 or 416% compared to the same period in 2013 and on a year-to-date basis were higher by $289,496 or 241% relative to the same period last year, reflecting activity to expands opportunities and develop new revenue streams and market segments.

Research and Development

	Three Months Ended		Six Months Ended	
($)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Research and development	423,510	69,196	576,845	306,861

Research and Development (R&D) expenses include personnel and related equipment costs to develop and support the Corporation's products. The Corporation expenses all research costs as they are incurred. Development costs are only capitalized if they meet the criteria set out by

IFRS. The Corporation has not capitalized any development costs during 2014. The Corporation believes that investments in research and development are required to remain competitive. Expenditures for the first quarter of 2014 were based on further developing the payment processing technology to support currency and commodity exchanges, thereby amplifying differentiation relative to competitors, especially in terms of ease of use and simplicity of adoption. The higher expenditures relative the same periods last year was due to the Corporation dedicating resources to re-purpose its payment platform from supporting strictly gaming companies to supporting broader electronic payment applications. The Corporation has other product functions and features under development and will continue to expend resources to build these out.

Transaction costs

	Three Months Ended		Six Months Ended	
($)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Transaction costs	370,154	-	370,154	-

On July 31, 2014, the Corporation filed a joint information circular with Southtech to obtain approval from the Corporation's and Southtech's shareholders to proceed with the Proposed Transaction. The joint general meeting of the shareholders is scheduled for September 10, 2014 and is subject to TSX Venture approval. In connection with this Proposed Transaction, the Corporation completed a Private Placement and has raised $8.47 million on a brokered and non-brokered basis, $2.81 million of which was received subsequent to June 30, 2014. These funds are held in trust and will be received by the Corporation in exchange for 11.29 million Class A Common Shares of the Corporation once all shareholder and TSX Venture approvals are received. Management expects this to be closed by the middle of September 2014.

Expenses related to this Proposed Transaction include transaction costs of $370,154 that was incurred during the second quarter of 2014.

Amortization

	Three Months Ended		Six Months Ended	
($)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Amortization	2,422	4,867	4,844	9,735

Amortization expense relates to the property and equipment owned by the Corporation. Specifically the Corporation owns computer equipment, furniture and fixtures, and leasehold improvements. These assets are depreciated over their useful life and impairment, if any, is assessed at every reporting period. 2014 expense is similar to the previous period and is primarily the result of depreciating office equipment, furniture and fixtures.

Stock-based Compensation

	Three Months Ended		Six Months Ended	
($)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Stock-based compensation	483,782	-	1,935,802	-

On March 17, 2014, the Corporation issued 3,333,334 stock options to officers and directors of the Corporation at an exercise price of $0.09. These stock options vested immediately and expire in one year on March 17, 2015. All these stock options were exercised during the second quarter of 2014 and, as a result, $1,452,020 was transferred to share capital from contributed surplus. On April 1, 2014, the Corporation issued 400,000 stock options at an exercise price of $0.52. These stock options vested immediately and expire in three years on April 1, 2017. The Corporation also issued an additional 1,450,000 stock options on April 28, 2014 at an exercise price of $0.33. 250,000 of these stock options vested immediately and the balance vests in equal tranches immediately and on the first and second anniversary of the grant date. These stock options expire in five years on April 28, 2019. The Corporation's shares are not publically traded; therefore, the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model. Using these parameters, the Corporation booked a large non-cash charge as a result. No such transactions occurred in 2013.

Net Loss and Comprehensive Loss

	Three Months Ended		Six Months Ended	
($)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Net loss and comprehensive loss	2,060,333	345,767	4,437,848	689,120

Included in net loss and comprehensive loss for 2014 are significant non-cash charges including $1,935,802 in share-based compensation, $282,169 in accretion expense and $215,000 in a fair value adjustment of common shares issued during the first quarter of 2014; the latter being included in general and administrative expenses. Net loss and comprehensive loss on a year to date basis without these two items is $2,004,877, which is higher by $1,315,757 or 191% compared to the same period last year.

The Corporation's gross cash and cash equivalents at June 30, 2014 totaled $7,687,944 (December 31, 2013 - $92,222), which included $5,665,000 in share subscription deposits and a positive net working capital position of $1,299,384 (December 31, 2013 - $795,209 negative net working capital position). The Corporation has an accumulated deficit of $6,301,856 (December 31, 2013 - $1,802,586). The Corporation has not yet been able to generate the transaction volumes required to sustain future operations. Whether and when the Corporation can generate sufficient operating cash flows or raise sufficient equity or debt financing in order to pay for its expenditures and settle its obligations as they fall due subsequent to June 30, 2014 is uncertain.

In addition, on July 31, 2014 the Corporation filed a joint information circular with Southtech Capital Corporation ("Southtech") to obtain approval from the Corporation's and Southtech's shareholders to proceed with a proposed business combination between the Corporation and Southtech (the "Proposed Transaction"). The Proposed Transaction would take the form of an amalgamation, resulting in the Corporation and Southtech continuing as one corporation (the "Resulting Issuer"). The joint general meeting of the shareholders is scheduled for September 10, 2014 and is subject to TSX Venture approval. In connection with this Proposed Transaction the Corporation completed a Private Placement and has raised $8.47 million on a brokered and non-brokered basis during the second quarter 2014 and subsequent to June 30, 2014 (notes 16 and 18 of June 30, 2014 condensed interim consolidated financial statements). These funds are held in trust and will be received by the Corporation in exchange for 11.29 million Class A common shares of the Corporation if all shareholder and TSX Venture approvals are received. Management expects this to be closed by the middle of September 2014.

Liquidity and Capital Resources

Royalty Financing Liability

The Corporation entered into a $1 million investment agreement with AVAC Ltd. to help fund the development and commercialization of the Corporation's web-based payment service provider technology. The proceeds are available to the Corporation if and when certain pre-determined milestones are achieved. Any amount drawn pursuant to the investment agreement is repayable in the form of a 3.5% royalty based on quarterly gross revenues, beginning with the quarter ending December 31, 2014 and extending until twice the gross amount received is remitted or until the Corporation has repaid all advances received plus 20% interest compounded annually from the date each advance is received, less royalties paid. During the year ended December 31, 2013, the Corporation received $200,000 as part of this arrangement. At March 31, 2014, the liability is comprised of the $200,000 principal plus $29,699 in accrued interest. This liability was fully re-paid on April 24, 2014.

Convertible Debentures

On January 25, 2013 the Corporation issued an unsecured convertible debenture with a principal amount of $100,000. The principal bore interest at a rate of 10% per annum and was convertible into Class A common shares at $0.52 per share, at any time, at the option of the holder. Unless earlier repaid, at the option of the Corporation, or demanded in the event of default, the principal was due and payable in full on January 25, 2014. Interest was due and payable quarterly on each of April 25, 2013, July 25, 2013, October 25, 2013 and January 25, 2014. The debenture was repaid in full along with interest on January 25, 2014.

On March 6, 2013 the Corporation issued a second unsecured convertible debenture with a principal amount of $100,000. The principal bore interest at a rate of 10% per annum and was convertible into Class A common shares at $0.52 per common share, at any time, at the option of the holder. Unless earlier repaid, at the option of the Corporation, or demanded in the event of default, the principal was due and payable in full on March 6, 2014. Interest was due and payable quarterly on each of June 6, 2013, September 6, 2013, December 6, 2013 and March 6, 2014. This debenture was converted into Class A common shares on March 5, 2014 and a total of 192,307 common shares were issued from Treasury (see note 10(viii) of financial statements).

On February 11, 2014, the Corporation issued a $200,000 secured convertible debenture. On March 17, 2014, the Corporation increased the amount of the convertible debenture issued to $3,164,345. The debenture was secured by a first charge against all of the Corporation's present and after-acquired property and was scheduled to mature August 11, 2014. The principal bore interest at a rate of 10% per annum. The debenture along with the accrued interest was convertible into Class A common shares of the Corporation at $0.33 per share at the option of the holder. On March 26, 2014, the Corporation issued 9,588,924 Class A common shares upon conversion of the full $3,164,345 convertible debenture.

Management closely monitors cash flow requirements and does not have sufficient cash to meet all of its operational and financial obligations if demanded to do so. The Corporation is actively pursuing sales and commercialization efforts including targeting currently underserved markets and expanding its offering to include crypto-currency exchange transactions.

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development and sales of its payment service platform and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk. However, it should be noted that the Corporation is at an early stage of its redefined commercialization program and will continue to be dependent on its ability to manage cash on hand, increase its revenues and raise additional debt or equity to meet its obligations and repay its liabilities arising from normal business operations when they become due.

The management of capital includes the components of shareholders' equity, comprised of share capital and retained earnings (deficit). The Corporation strives to maximize the value associated with shareholders' equity. In order to maintain or adjust its capital structure, the Corporation may from time to time issue shares, issue new debt, dispose of assets or adjust its spending, taking into account changes in economic conditions and the risk characteristics of the underlying assets

In order to facilitate the management of its capital requirements, the Corporation prepares annual budgets that are updated as necessary to reflect the Corporation's changing circumstances. The Board of Directors approves the annual budget.

The Corporation manages its working capital through timely collection of receivables, controlling exposure to future commitments and securing favourable terms from suppliers.

In order to preserve cash, the Corporation does not currently pay dividends.

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to managing its capital structure is:

- To safeguard the Corporation's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing development and operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

Related party transactions

Key management compensation is composed of consulting fees paid to companies controlled by key management. During the three and six months ended June 30, 2014, consulting fees paid to key management amounted to $205,500 and $319,750, respectively (June 30, 2013 - $Nil and $Nil).

Total personnel expenses for employees, consultants, directors and management for the three and six months ended June 30, 2014 was $560,132 and $1,073,359, respectively (June 30, 2013 - $342,833 and $655,542).

On April 28, 2014, the Corporation provided loans to two companies controlled by two key management personnel of $75,000 each for a total of $150,000. These companies provided promissory notes to the Corporation. These two loans bear interest at 3 percent per annum and are payable on maturity on April 28, 2015.

Proposed Transactions

See under the heading "*Subsequent Events*".

Commitments

The Corporation has entered into a premise lease agreement with the following minimum future lease payments:

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2014	37,752
Less than 5 years	201,916
Total	239,668

Contingencies

At the date of this report, the Corporation had no material contingencies.

Off-Balance Sheet Arrangements

At the date of this report, the Corporation had no off-balance sheet arrangements.

Outstanding share capital

Redfall is authorized to issue an unlimited number of Class A and Class B common shares and an unlimited number of Class C, D and E preferred shares. As at the date of this MD&A the Corporation had 27,078,232 common shares, 1,850,000 stock options, 2,563,462 warrants convertible into common shares and no preferred shares.

Critical Accounting Estimates

General

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments in applying its accounting policies, estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets, liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its consolidated financial statements.

Areas of judgment

(i) Investments in equity instruments

Investments in equity instruments classified as available-for-sale are measured at cost when there is no quoted price in an active market and fair value cannot be reliably measured. Judgment is required to assess whether the fair value of the equity instruments can be measured reliably. This involves an assessment of whether the variability in the range of reasonable fair value estimates is significant for the instrument or whether the probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value.

(ii) Impairment tests

Management exercises judgment to determine whether there are factors that would indicate that an asset or a cash-generating unit ("CGU") is impaired. The determination of CGUs is also based on Management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets as well as how Management monitors and makes decisions about the Corporation's operations.

(iii) Going concern

The Corporation's ability to continue as a going concern is dependent on its ability raise additional financing and to achieve profitable operations. Certain judgments are made when determining if the Corporation will be able to continue as a going concern.

Assumptions and critical estimates

(i) Useful lives of property and equipment and internally-generated intangible assets

The Corporation estimates the useful lives of property and equipment and internally generated intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Trade and other receivables and allowance for doubtful accounts

The Corporation estimates allowances for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and the resulting losses are recognized in the statement of comprehensive income and reflected in an allowance against receivables.

(iii) Impairment of property and equipment and internally generated intangible assets

Impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The estimate of fair value less costs to sell is based on available data from binding, arms-length sales transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use estimate is based on a discounted cash flow model. The cash flows are derived from the projection for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the performance of the asset or CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(iv) Tax assets and liabilities

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

Impact of New Accounting Policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Corporation's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new IFRS rules and interpretations as of January 1, 2014, noted below and the use of compound financial instruments. Because the disclosures provided in these condensed interim consolidated financial statements do not conform in all respects with IFRS for annual financial statements, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

- IAS 36, *"Impairment of Assets"* (Amended) which modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Corporation adopted the amendments in its consolidated financial statements for the annual period beginning on January 1, 2014. The adoption of this standard will impact the Corporation's disclosures in the notes to the condensed interim consolidated financial statements in periods where an impairment loss or impairment reversal is recorded.

- In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvement process. The improvement process is designed to make non-urgent but necessary amendments to IFRS. Some of the amendments made to the existing standards included: clarifying the definition of "vesting conditions" in IFRS 2, "Share-based payment"; defining the classification and measurement of contingent consideration; scope exclusion for the formation of joint arrangements in IFRS 3, *"Business Combinations"*; and modifying the definition of a "related party" in IAS 24, *"Related Party Disclosures"*. The Corporation adopted these amendments in its consolidated financial statements for the annual period beginning on January 1, 2014. The adoption of these standards did not have a material impact on the condensed interim consolidated financial statements.

The Corporation will be required to adopt IFRS 9 effective January 1, 2018. IFRS 9, *"Financial Instruments*" (Amended) incorporates new requirements on accounting for financial liabilities. The new standard eliminates the existing multiple classification and measurement categories under IAS 39 for held-to-maturity, available-for-sale loans and receivables and replaces them with a single model that has only two classification categories: amortized cost and fair value. The adoption of the amended standard is not expected to have a material impact on the Corporation's consolidated financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Corporation. Further, the Corporation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Financial Instruments and Risk Management

The Corporation's risk management policies are established to identify, analyze and manage the risks faced by the Corporation and to implement appropriate procedures and controls to monitor and mitigate risks. Risk management policies and systems are reviewed periodically in response to the Corporation's activities and to ensure applicability. In the normal course of business, the main risks arising from the Corporation's use of financial instruments include credit risk, liquidity risk, market risk and currency risk. These risks, and the actions taken to manage them, include:

Fair value

Due to the short-term nature of cash and cash equivalents, cash held in trust, trade and other receivables, trade and other payables and amounts due to shareholders, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. Long-term investment consists of common shares held in a private Corporation. The Corporation has determined that the fair value of these common shares cannot be reliably determined and, as such, the long-term investment is carried at cost. The fair value of the royalty financing liability and the convertible debenture approximate carrying value because the interest rate implicit in the agreements approximates the market rate of interest.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions and from outstanding trade and other receivables. The maximum exposure to credit risk is equal to the carrying value of the Corporation's cash and cash equivalents and trade and other receivables. The Corporation minimizes credit risk associated with its cash and cash equivalents balance by dealing with major financial institutions in Canada and the US.

Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they come due. As at June 30, 2014, cash and cash equivalents were $7,687,944 (December 31, 2013 - $92,222), which included $5,665,000 in share subscription deposits. As at June 30, 2014, the Corporation had a positive net working capital position of $1,299,384 (December 31, 2013 - $795,209 negative net working capital position) and had an accumulated deficit of $6,301,856 (December 31, 2013 - $1,802,586). Subsequent to quarter end, the Corporation has embarked on a number of financing initiatives to fund its future growth. See under the heading "*Subsequent Events*".

Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies other than the functional currency of the Corporation will fluctuate due to changes in foreign currency exchange rates. As at June 30, 2014, the Corporation's exposure to currency risk was limited to cash and cash equivalents denominated in US dollars in the amount of US $2,995 (December 31, 2013 - US $228). A change in the exchange rate between the Canadian and US dollar would have a negligible impact on the net income and cash flows of the Corporation.

Interest rate risk

Interest rate risk is the risk that the fair value and cash flows associated with the Corporation's interest bearing financial assets and liabilities will fluctuate due to changes in market interest rates. As at June 30, 2014, the Corporation was not exposed to any interest pricing risk.

Risks and Uncertainties

Due to the nature of the business, the legal and economic climate in which the Corporation is operating in and the present stage of development of the operations, the Corporation is subject to risks. The Corporation's future development and actual operating results may be different from those expected as at the date of this MD&A. There can be no certainty that the Corporation will be able to successfully implement its corporate strategy. No representation is or can be made as to the future performance of the Corporation and there can be no assurance that the Corporation will achieve its objectives. Accordingly, readers should carefully consider the following discussion of risks that pertain to the Corporation (the text below summarizes some of these risks and is not intended to be complete or exhaustive).

New Technology

The Corporation's success will depend in part on its ability to develop software and products that keep pace with continuing changes in technology, evolving industry standards and changing client preferences and requirements. The Corporation's software and products embody complex technology that may not meet those standards, changes and preferences. The Corporation may be unable to successfully address these developments on a timely basis or at all. Failure to respond quickly and cost-effectively to new developments through the development of software and new products or enhancements to existing software and products could reduce the Corporation's revenue.

Dependence on Key Personnel and Consultants

The success of the Corporation will be largely dependent upon the performance of its Management and key employees. Failure by the Corporation to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Corporation's growth and profitability. The Corporation does not intend to have key person insurance for its Management or other key employees. These individuals, and the contributions they will make, are important to the future operations and success of the Corporation. The unexpected loss or departure of any of the key officers, employees or consultants of the Corporation could be detrimental to the Corporation's future operations. The Corporation's success will depend in part on its ability to attract and retain qualified personnel as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Corporation's industry. There can be no assurance that the Corporation will be able to engage the services of such personnel or retain the Corporation's current personnel.

Foreign Currency, Payment Processing and Fiscal Matters

The Corporation's operations are subject to inherent market and industry risks resulting from unpredictable fluctuations in foreign currency exchange rates, failed or fraudulent financial transactions and similar credit risks. These occurrences could have a material adverse impact on the Corporation's results of operations.

Competition

The Corporation competes in a competitive industry that is constantly evolving and changing. The Corporation expects this competition to increase as new competitors enter the market. Many of the Corporation's competitors may have greater financial, technical, sales, and production and marketing resources. The Corporation may not be able to compete on the same scale as these companies. Such competition may result in reduced sales, reduced margins or increased operating expenses.

Customer Base and Market Acceptance

While Management believes it can grow its client base, the inability of the Corporation to grow such a client base could have a material adverse effect on the Corporation. Although the Corporation believes that its products offer advantages over competitive companies and products, no assurance can be given that the Corporation's products will attain a degree of market acceptance on a sustained basis or that it will generate revenues sufficient for sustained profitable operations. Since the Corporation's current revenue source is highly dependent on electronic currency exchanges (specifically, Bit Coin exchanges), the regulatory and acceptance risks of such electronic currencies could have a material impact on the Corporation's business.

Consumer Privacy, Data Use and Security

The Corporation is subject to regulations related to privacy and data protection and information security in the jurisdictions in which it does business, and could be negatively impacted by these regulations. Recently, these topics have received heightened legislative and regulatory focus in jurisdictions around the world. Regulation of privacy and data protection and information security may raise concerns and scrutiny of the Corporation's practices in regard to the collection, use, disclosure or security of personal and sensitive information. Failure to comply with the privacy and data protection and security laws and regulations to which we are subject could result in fines, sanctions or other penalties, which could materially and adversely affect the Corporation's results of operations and overall business, as well as have an impact on our reputation. Any additional, or changes to, regulations in these areas (as well as the manner in which such laws could be interpreted or applied) may also increase the Corporation's costs to comply with such regulations. Changes to these laws could also impact the Corporation's business operations by requiring changes to the Corporation's data practices and could impact aspects of the Corporation's business such as fraud monitoring. Any of these changes could materially and adversely affect our overall business and results of operations.

Future Acquisitions

The Corporation may seek to expand its business and capabilities through the acquisition of compatible technology, products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on favorable terms, or that the acquired operations can be profitably operated or integrated in the Corporation's operations. To the extent Management is successful in identifying suitable companies or products for acquisition, the Corporation may deem it necessary or advisable to finance such acquisitions through the issuance of shares, securities convertible into shares, debt financing, or a combination thereof. In such cases, the issuance of shares or convertible securities could result in dilution to the shareholders of the Corporation at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result in, among other things, the encumbrance of certain of the Corporation's assets, impeding the Corporation's ability to obtain bank financing, decreasing the Corporation's liquidity, and adversely affecting its ability to declare and pay dividends to shareholders of the Corporation.

Losses from Operations

As at June 30, 2014, the Corporation had cash and cash equivalents of $7,687,944 (December 31, 2013 - $92,222), which included $5,665,000 of share subscription deposits. As at June 30, 2014, the Corporation had a positive net working capital position of $1,299,384 (December 31, 2013 - $795,209 negative net working capital position) and an accumulated deficit of $46,301,856 (December 31, 2013 - $1,802,586). The Corporation has not yet been able to generate sufficient transaction volumes to sustain future operations. Whether and when the Corporation can generate sufficient operating cash flows or raise sufficient equity or debt financing in order to pay for its expenditures and settle its obligations as they fall due subsequent to June 30, 2014 is uncertain. The Corporation has embarked on a number of initiatives to address this. See under the heading "*Subsequent Events*".

Stage of Development

The Corporation may be subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, particularly given the early stage of the Corporation's development. The ability of the Corporation to manage growth effectively will require it to continue to expand its operational and financial systems and to train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

Transaction Processing Systems

The Corporation's payment processing systems and other key service offerings may experience interruptions as a result of a disaster including, but not limited to, technology malfunctions, fire, weather events, power outages, telecommunications disruptions, terrorism, workplace violence, accidents or other catastrophic events. A disaster that occurs at, or in the vicinity of, our primary and/or back-up facilities in any location could interrupt our services. Although the Corporation continually monitors and assesses risks, potential impacts, and develops effective response strategies, the Corporation cannot ensure that its business would be immune to these risks.

Additionally, the Corporation relies on third-party service providers for the timely transmission of information across its global data network. Inadequate infrastructure in lesser-developed markets could also result in service disruptions, which could impact the Corporation's ability to do business in those markets. If one of our service providers fails to provide the communications capacity or services the Corporation requires, as a result of natural disaster, operational disruptions, terrorism, hacking or any other reason, the failure could interrupt the Corporation's services. Because of the intrinsic importance of the Corporation's processing systems to its business, any interruption or degradation could adversely affect the perception of the reliability of products carrying the Corporation's brand and materially reduce the Corporation's results of operations.

Additional Capital Requirements

The Corporation intends to continue to make investments to support its business growth and will require additional funds to implement its business strategy, including expansion of sales and marketing activities; development of new software, products and features; enhancement of its current operating infrastructure; and acquisition of complementary businesses and technologies. The Corporation's cash reserves may not be sufficient to fund its ongoing activities at all times. Accordingly, the Corporation may need to engage in equity or debt financings to secure additional funds. If the Corporation raises additional funds through further issuances of equity or convertible debt securities, shareholders of the Corporation could suffer significant dilution, and any new equity securities the Corporation issues could have rights, preferences and privileges superior to those of current shareholders. Any debt financing secured by the Corporation in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which might make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities. The Corporation can provide no assurance that sufficient debt or equity financing will be available for necessary or desirable infrastructure expenditures or acquisitions or to cover losses, and accordingly, the Corporation's ability to continue to support its business growth and to respond to business challenges could be significantly limited.

Legal Risks

The Corporation is subject to legal risks related to operations, contracts, relationships and otherwise, which could result in the Corporation being served with legal claims. Whether or not the claims are legally valid, such claims may result in legal fees, damages, settlement and other costs as well as significant time and distraction of management and employees.

Money Laundering and Terrorism

The Corporation is subject to regulations that affect the payments industry. In particular, many of the Corporation's customers are subject to regulations applicable to banks and other financial institutions and, consequently, the Corporation is at times affected by such regulations. Regulation of the payments industry, including regulations applicable to the Corporation and its customers, has increased significantly in the last several years. The Corporation is subject to Anti-Money Laundering and Anti-Terrorism regulations with respect to the activities of its internet payment gateway. Money laundering or terrorist financing involving the Corporation's payment gateway could result in an enforcement action and/or damage the Corporation's reputation, which could result in a material adverse impact on the Corporation's business.

Operating Results and Financial Condition May Fluctuate on a Quarterly and Annual Basis

Operating results and financial condition may fluctuate from quarter to quarter and year to year, and are likely to continue to vary due to a number of factors, some of which are outside of the Corporation's control. These events could, in turn, cause the market price of the Corporation's shares to fluctuate. If operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of the Corporation's shares would likely decline.

Due to all of the foregoing factors and risks discussed in this "Risk and Uncertainties" section, individuals should not rely on quarter-to-quarter or year-to-year comparisons of the Corporation's operating results as an indicator of future performance.

Forward Looking Statements May Prove Inaccurate

Prospective purchasers are cautioned not to place undue reliance on forward-looking information. By its nature, forward looking information involves numerous assumptions, known and unknown risks, and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See under the heading "*Special Note Regarding Forward-Looking Information*".

Conflicts of Interest

Certain directors of the Corporation may engage in businesses similar to the Corporation and situations may arise where the directors may be in direct competition with the Corporation's business. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the Act, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Act.

Absence of Cash Dividends

The Corporation has not paid any cash dividends to date on the common stock and there are no plans for such dividend payments in the foreseeable future.

Subsequent Events

On July 31, 2014, the Corporation filed a joint information circular with Southtech to obtain approval from the shareholders of the Corporation and Southtech to proceed with the Proposed Transaction. The joint general meeting of the shareholders is scheduled for September 10, 2014 and is subject to TSX Venture approval. In connection with this Proposed Transaction, the Corporation completed a Private Placement and has raised $8.47 million on a brokered and non-brokered basis, $2.81 million of which was received subsequent to June 30, 2014. These funds are held in trust and will be received by the Corporation in exchange for 11.29 million Class A Common Shares of the Corporation once all shareholder and TSX Venture approvals are received. Management expects this to be closed by the middle of September 2014.

Outlook

The Corporation anticipates minimal revenues in the next two quarters as a result of the following:

- The Corporation will continue to hold off boarding new merchants until new features, including the automation of an effective KYC and Risk Management module, are completed and tested. These new features and automation allow for rapid scaling, which will be critical as the Corporation rolls out its product in Canada and the US. The Corporation expects to start boarding merchants again in Canada before end of 2014 and in the US by early 2015.

- Further complicating the US market are the proposed crypto-currency regulations announced by New York State in July 2014. The Corporation is currently reviewing these proposed regulations to assess their effect on the industry and impacts on the Corporation's processing platform.

- Transaction volumes from the Corporation's original two crypto-currency merchants declined sharply during the second quarter of 2014 due to reasons that are not in control of the Corporation.

Based on these factors, Management believes that the delay in building revenue is occasioned by the decision to delay boarding new merchants rather than a shortcoming in strategy or weakness in market demand.