FUNDAMENTAL APPLICATIONS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014

1.1 Date of Report: November 27, 2014

The following management's discussion and analysis ("MD&A") should be read together with the condensed interim consolidated financial statements and accompanying notes for the three month period ended September 30, 2014, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of our exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

1.2 Overall Performance

Nature of Business and Overall Performance

Fundamental Applications Corp. (the "Company" or "Fundamental") was incorporated on July 14, 2014 under the Business Corporation Act of British Columbia under the name of Kluster Technologies Inc. The Company is in the development of Serum, a social media application for smartphones. On August 1, 2014, the Company changed its name to Antisocial Networks Ltd. and later changed the name to Fundamental Applications Corp. on September 2, 2014.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "FUN".

The head office of the Company is Suite 1820 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

Plan of Arrangement

Pursuant to an arrangement agreement ("arrangement") dated July 21, 2014 between Antisocial Holdings Ltd. ("Antisocial"), Salient Corporate Services Inc. ("Salient") and Fundamental Applications Corp. (formerly Kluster Technologies Inc.). ("Fundamental") a wholly-owned subsidiary of Salient incorporated on July 14, 2014 for the sole purpose of the arrangement.

Under the arrangement, Antisocial paid a purchase price of $10,000 to Salient in order to acquire all issued and outstanding shares of Fundamental. Antisocial paid an additional $7,920 in closing cost to Salient.

On September 16, 2014, Fundamental completed a one for one share exchange with the shareholders of Antisocial, pursuant to which Antisocial became a wholly-owned subsidiary company of Fundamental. Salient issue 1,000 common shares and $7,920 to Fundamental and Fundamental issued 396,000 common shares to Salient for distribution to the shareholders of Salient.

Since this transaction resulted in the shareholders of Antisocial owning a majority of the issued and outstanding shares of Fundamental, this transaction is accounted for as a reverse acquisition and the condensed interim consolidated financial statements are a continuation of the operations of Antisocial and not of Fundamental.

The public company listing cost does not meet the criteria for recognition of an intangible asset in accordance with IAS 38 "Intangible Assets". Accordingly, the Company charged $17,920 to the Statement of Comprehensive Loss on the date of the reverse acquisition.

Background information

We are an innovative technology company that focuses on developing applications for the mobile industry and Serum™ is the project we are currently taking to market.

Significant Acquisitions and Dispositions

On July 31, 2014, we completed an asset purchase agreement (the "Asset Purchase Agreement") with Vibecast. Pursuant to the Asset Purchase Agreement we issued 3,000,000 of our common shares at a deemed price of $0.02 per share to acquire the following assets relating to the Application Software (the "Serum**™** Assets"):

(1) the intellectual property and intellectual property rights;
(2) the application software;
(3) the trade-marks;
(4) the books and records;
(5) all of the goodwill associated with the purchased assets; and
(6) all of the goodwill associated with the Application Software.

We are continuing with the design and development of the Application Software, and hope to complete development this year.

Unique Business Model

We founded Fundamental Applications in 2014 to launch innovative mobile applications targeted at millennials ("Millennials"), a demographic born between 1980 and 2000 into a digital world with significant discretionary income. Our first application, Serum™, will be launched in the Fall of 2014.

Serum™ is an innovative and unique mobile chat application which enables users to post questions and have text conversations with a group of their friends anonymously. No one involved in the conversation is aware of who is responding. Serum™ also provides control to the user over conversations they initiate such as adding or removing participants. Serum™ goes beyond existing applications such as Whisper and Secret, which only allow for one-way conversations, by creating an interactive way of sharing. Serum™ also goes above and beyond in terms of implementing protocols for anti-bullying.

On October 30, 2014, the Company announced that it has submitted Serum the application to the iTunes store pending final stage of approval. Serum is officially out of beta and prepping for its live launch. On November 17, 2014, Serum is now available for download in the iTunes store

1.3 Selected Annual Information

N/A

1.4 Results of Operations

The Company incurred a loss of $479,992 for the three months ended September 30, 2014. Trends in expenses and the composition of significant expenses during the three months ended September 30, 2013 were:

- Share-based payments of $314,500 represents the fair value of the 850,000 share purchase options granted on September 18, 2014 to directors and officers of the Company and consultants. The fair value was calculated using the Black Scholes option-pricing model.
- Incurred legal fees of $57,262, Listing fees of $13,335 and a charge related to public company listing of $17,920 in connection with the completion of the listing of the Company on the Canadian Securities Exchange. The Company commenced trading on September 18, 2014.
- Incurred consulting fees of $38,729 consisting of $25,000 paid to a company with a director in common and $9,728 for an evaluation report on the intellectual property of Vibecast Corp.
- In connection with the live launch of Serum, the Company incurred $31,500 marketing.

1.5 Summary of Quarterly Results

The following is a summary of the Company’s financial results for the most recently completed quarter. There are no quarterly results to report prior to June 30, 2014 as the Company was incorporated on April 4, 2014.

	Q2 Sep 30, 2014	Q1 Jun 30, 2014
Total revenues	$ -	$ -
Net loss and comprehensive loss		
Total	$ (479,992)	$ (57,069)
Per share	$ (0.04)	$ (0.01)
Per share, fully Diluted	$ (0.04)	$ (0.01)

During the quarter ended September 30, 2014, the Company completed its listing on the Canadian Securities Exchange and incurred legal and listing cost. In addition, the Company granted 850,000 share purchase options fair valued at $314,500.

1.6 Liquidity

As at September 30, 2014, the current assets of the Company were represented by $47,973 in cash.

As at September 30, 2014 the Company has a working capital surplus of $35,158.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is insufficient to meet its expected ongoing obligations for the coming year.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. See subsequent event for additional information.

1.7 Capital Resources

The Company does not have any other commitments for material capital expenditures.

1.8 Off Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

	2014	2013
Administrative expenses		
Consulting fees	$ 25,000	$ -
Share-based payments	166,500	-
	$ 191,500	$ -

Key management compensation

The Company considers its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and directors of the Company to be key management. During the three month period ended September 30, 2014, the recorded $191,500 in key management compensation as noted in the above table.

1.10 Fourth Quarter

N/A

1.11 Proposed Transaction

N/A

1.12 Critical Accounting Estimates

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements is the classification of financial instruments and the going concern assumption.

1.13 Changes in Accounting Policies

SIGNIFICANT ACCOUNTING POLICIES

New accounting policies that the Company has adopted during the three months ended September 30, 2014 or expects to adopt are noted below (also disclosed in the annual June 30, 2014 financial statements):

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

- IFRS 9 – Financial Instruments (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

1.14 Financial Instruments and Other Instruments

As at September 30, 2014, the Company's financial instruments consist of cash, accounts payable and accrued liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash, accounts payable and accrued liabilities approximate their fair value due to the relatively short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and amounts receivable. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as liabilities and cash are non interest bearing as at September 30, 2014.

1.15 Other MD&A Requirements

a) Additional information relating to the Company is on SEDAR at www.sedar.com.

b) Disclosure of Outstanding Share Data

i) Authorized:
Unlimited common shares without par value

ii) Common Shares Issued:

	Number	Amount
Balance, date of the MDA	14,221,000	$ 526,920

iii) Share Purchase Warrants:

As at the date of the MDA there were 125,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held, at $0.75 per share. These warrants expire on October 30, 2015.

iv) Share Purchase Options:

As at the date of the MDA, there were 850,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held, at $0.50 per share. These options expire on September 18, 2019.

SUBSEQUENT EVENTS

Subsequent to September 30, 2014:

The Company proposes a private placement of up to 2,000,000 units at a price of $0.40 per unit for gross proceed of $800,000. Each unit will consist of one common share and one share purchase warrant exercisable to purchase one additional common share at a price of $0.75 per share for a period of one year. The Company will pay finder's fee of 7%, payable in cash and finder warrants each exercisable to purchase one common share at a price of $0.40 per share for a period of one year. On October 30, 2014, the Company completed the first tranche by issuing 125,000 units at a price of $0.40 per unit for gross proceeds of $50,000. On November 10, 2014, the Company announced a re-pricing of this private placement to $750,000 of up to 2,500,000 units at a price of $0.30 per unit. The terms for the warrants remain unchanged. The Company will be issuing 41,666 additional units to the investors who subscribed under the initial tranche closing.

On October 2, 2014, a shareholder of the Company advanced $120,000 to the Company for working capital. The advance is non-interest bearing, unsecured and is due on demand.

RISKS AND UNCERTAINTIES

The Company's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional costs, including the Company's ability to (i) create brand recognition for the Products; (ii) determine appropriate advertising strategies, messages and media; and (iii) maintain acceptable operating margins on such costs. There can be no assurance that advertising and promotional costs will result in revenues for the Company's business in the future, or will generate awareness of the Company's technologies or services. In addition, no assurance can be given that the Company will be able to manage the Company's advertising and promotional costs on a cost-effective basis.