FUNDAMENTAL APPLICATIONS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six month period ended December 31, 2015

1.1 Date of Report: February 29, 2016

The following Management Discussion and Analysis ("MD&A") of Fundamental Applications Corp. (the "Company" or "Fundamental") has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of December 31, 2015 and should be read in conjunction with the unaudited consolidated financial statements and notes thereto for the six months ended December 31, 2015 and with the audited consolidated financial statements and notes thereto for the year ended June 30, 2015, all of which are available on SEDAR at www.sedar.com.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the consolidated financial statements and MD&A, is complete and reliable. 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 forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company's plans to acquire users for its products;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and,
- the timing, pricing, completion, and regulatory approvals of proposed financings if applicable.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company's ability to roll out is business plan which includes new product launches and associated planning in production, sales, distribution and marketing; and,
- the Company's ability to secure and retain employees and contractors to carry out its business plans.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, up to September 12, 2014 the Company was operating as a private company with constrained resources and such period forms approximately forty percent of the comparative six month period to December 31, 2015. Accordingly, drawing trends from the Company's limited operating history is difficult.

1.2 Overall Performance

Nature of Business and Overall Performance

Fundamental was incorporated on July 14, 2014 under the Business Corporation Act of British Columbia under the name of Kluster Technologies Inc. On August 1, 2014, the Company changed its name to Antisocial Holdings 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.

Fundamental designs, develops, markets, and acquires innovative mobile applications targeted at the "Millennials" generation; people born in an age of digital technology, internet access, and smartphones. This demographic is an early adopter of mobile technology, has significant discretionary income, and is lifestyle driven with a willingness to try new things. Their three leading mobile platforms are Foro: a peer-to-peer mobile ecommerce marketplace app, Truth: a one-to-one anonymous messaging app, and Serum™: an app that enables users to post questions to their friends and receive answers anonymously.

Plan of Arrangement

On July 21, 2014, the Company entered into an arrangement agreement and plan of arrangement (the "Arrangement") with Antisocial Holdings Ltd. ("Antisocial"), and Salient Corporate Services Inc. ("Salient").

Pursuant to the Arrangement, the following principal steps were completed on September 12, 2014:

- Antisocial purchased all the issued and outstanding common shares of Fundamental, a wholly-owned subsidiary of Salient incorporated on July 14, 2014 for the sole purpose of the Arrangement, from Salient for consideration of $10,000 and paid $7,920 for estimated expenses that Salient incurred during the transaction;

- Fundamental acquired 13,700,000 common shares of Antisocial, being all the issued and outstanding share capital, from all the shareholders of Antisocial through a 1-for-1 share exchange; and,

- Fundamental issued 396,000 common shares of Fundamental to Salient for 1,000 common shares and $7,920 in cash, which were subsequently distributed to the shareholders of Salient as of the record date of August 20, 2014, on a pro-rated basis according to their shareholdings.

Upon the Arrangement becoming effective on September 12, 2014, Fundamental became a reporting issuer in the jurisdictions of Alberta and British Columbia, and issued a total of 14,096,000 common shares.

As a result of the arrangement, the former shareholders of Antisocial, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As Antisocial is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on April 4, 2014 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of Antisocial in accordance with IFRS 3, Business Combinations. The Company's results of operations are included from September 12, 2014 onwards.

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.

Significant Acquisitions and Dispositions

On July 31, 2014, the Company completed an Asset Purchase Agreement with Vibecast Corp. for the purchase of the intellectual property and intellectual property rights, the application software, and the Trade-Marks using the term “Serum”, for the Application Software named “Serum” which had been in development since April 15, 2014. In consideration, the Company issued to Vibecast Corp 3,000,000 common shares at a deemed price of $0.02 to acquire all the assets relating to the Application Software (the “SerumTM Assets”).

On April 8, 2015, the Company completed the acquisition of Foro Technologies Inc. (“Foro”), the owner of the intellectual property and rights for two organically built applications: Truth and Foro.

Pursuant to the terms of the Foro acquisition, Fundamental exchanged $50,000 cash and 1,700,000 shares for 100% of the issued and outstanding shares of Foro. 500,000 of the 1,700,000 shares were released immediately and the remaining 1,200,000 shares are subject to escrow restrictions and will be released upon the achievement of certain milestones. 600,000 of the escrowed shares will be released once Foro reaches a minimum of 25,000 regular users of Foro and the remaining 600,000 escrowed shares will be released once Foro reaches 50,000 regular users Foro. If the milestones have not been achieved by April 8, 2016, all escrowed shares not yet released will be cancelled. Concurrent with the acquisition, Fundamental issued 224,927 shares and the cash consideration of $50,000 was used to payout certain creditors of Foro Technologies Inc..

1.3 Selected Annual Information

N/A

1.4 Results of Operations

Results of Operations for the three months ended December 31, 2015 compared to 2014

The Company incurred a loss of $191,814 for the three months ended December 31, 2015, compared to a loss of $390,266 for the previous period. In general, this is due to the addition of key hires and the implementation of more targeted marketing campaigns as the Company continues to promote the most recent Foro product launch which started in the 3 months ended September 2015.

During the three month period ended December 31, 2014, Marketing and Promotion was targeted at the Serum™ app and the company was generating market awareness for Fundamental itself, whereas during the period ended December 31, 2015 the Company was more focussed on the Foro campaign initiated in the three month period ended September 2015. Marketing and Promotion was reduced by $312,915 to $16,306 compared to $329,221 in the previous period.

Consulting fees rose $79,952 to $100,352 compared to $20,400 incurred in the previous period. This is a result of the addition of key hires to the Fundamental team.

Results of Operations for the six months ended December 31, 2015 compared to 2014

The Company incurred a loss of $914,082 for the six months ended December 31, 2015, compared to a loss of $870,258 for the six months ended December 31, 2014.

Marketing and Promotion during the six months ended December 31, 2015 totalled $278,320 which is $90,773 less than those incurred during the previous period. The Marketing and Promotion campaigns in 2014 were directed at Serum ™ and Fundamental itself (as it was a new public listing) whereas those in the period ended December 31, 2015 were targeted towards Foro. Consulting fees rose significantly as the Company attained key consultants in 2015 associated with the Foro launch. Consulting rose $145,891 to $205,020 for the period ended December 31, 2015 compared to $59,129 in the period ended December 31, 2014.

Significant expenses incurred during the six month period ended December 31, 2015:

- Non-cash share-based payments of $269,948 represents the fair value of the 1,400,000 share purchase options granted on August 4, 2015 to directors, officers and consultants of the Company;
- $278,320 in marketing expenses was incurred in connection with the live launch of the Foro application. This included online marketing campaigns and on-campus campaigns in Canada and Washington; and,
- Listing costs of $38,737 in connection with the completion of the Company's listing on the OTCQB and commencement of trading under the symbol FUAPF.

1.5 Summary of Quarterly Results

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

Three months ended	Total revenues	Net loss	Loss Per Share (basic and diluted)
Dec 31, 2015	Nil	$(191,814)	$0.01
Sep 30, 2015	Nil	(722,269)	0.04
June 30, 2015	Nil	(454,802)	0.04
Mar 31, 2015	Nil	(123,654)	0.01
Dec 31, 2014	Nil	(569,349)	0.05
Sep 30, 2014	Nil	(479,992)	0.04
June 30, 2014*	Nil	(57,069)	0.01

*** Period of inception (April 4, 2014) to June 30, 2014**

The quarters ended September 30, 2014 and December 31, 2014 were busy periods during and after the completion of the Arrangement in September 2014. The Company had high costs associated with the Arrangement itself and focussed on developing and executing marketing and awareness campaigns in connection with the Serum application and Fundamental. The quarter ended September 30, 2015 saw high costs associated with key hires and marketing campaigns directly related to the launch of the Foro product.

Significant fluctuations to the net loss of the Company over the periods presented above include:

- Stock-based compensation expense of $269,948 in the three months ended September 30, 2015 represents the fair value of the 1,400,000 share purchase options granted on August 4, 2015 to directors, officers and consultants of the Company;

- Listing costs of $38,737 in the three months ended September 30, 2015 in connection with the completion of the Company's listing on the OTCQB and commencement of trading under the symbol FUAPF;

1.6 Liquidity

As at December 31, 2015, the Company had working capital deficiency of $302,998, ($44,294 in cash) compared to working capital of $510,743, ($27,322 in cash) at Dec 31, 2014.

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 section 1.16 Subsequent Events for additional information.

1.7 Capital Resources

At December 31, 2015 the capital of the Company consists of cash in the bank and GST/HST recoverable totaling $54,017. The Company will have to generate additional cash from equity raised through the Canadian public markets to meet its commitments.

1.8 Off Balance Sheet Arrangements

There are 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.

Key management compensation

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management. The Company has incurred charges during the period from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of $42,000 (2014 - $57,000). Amounts due to related parties are interest free and unsecured, and are payable on demand. The Company also recorded share based compensation for key management during the six month period in the amount of $169,681 (2014 - $166,500).

At Dec 31, 2015 a balance of $34,500 (2014: $16,000) is owing to the Chief Executive Officer and director for consulting fees. This amount is unsecured, non-interest bearing and due on demand.

1.10 Fourth Quarter

N/A

1.11 Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

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

No changes in accounting policies.

Significant Accounting Policies

New accounting policies that the Company has adopted during the period or expects to adopt are noted below (also disclosed in the annual June 30, 2015 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 Risk Management

As at December 31, 2015, the Company's financial instruments consist of cash, accounts payable and accrued liabilities.

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.

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

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 December 31, 2015.

1.15 Other MD&A Requirements

This MD&A was prepared on February 29, 2016. This MD&A should be read in conjunction with the unaudited financial statements for the period ended December 31, 2015. This MD&A is intended to assist the reader's understanding of Fundamental Applications and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Fundamental Application's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors throughout the year.

Summary of Outstanding Share Data

The following table outlines outstanding share data as of the date of this report:

	Number Issued and Outstanding
Common shares	21,745,068
Stock Options	1,750,000
Warrants	1,575,875
Fully Diluted	25,070,943

Directors And Officers

As of the date of this report, the Company's directors and officers are Bradley Moore (CEO and Director), Khalil Bhimji (Director), and Alexander Helmel (Director and Interim CFO).

1.16 Subsequent Events

The Company appointed Mr. Bradley Moore as Chief Executive Officer and a director of the Company. This appointment replaces Mr. Richard Whitehead. See news release dated February 9, 2016.