Torino Power Solutions Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the financial year ended December 31, 2017

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto for financial year ended **December 31, 2017** of Torino Power Solutions Inc. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of April 30, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to Dynamic Thermal Circuit Rating (DTCR) technology development, also known as Power Line Monitoring technology ("PLM") and future mineral property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about its (DTCR) technology. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to develop an effective DTCR technology (3) delays in technology development (4) industry competition (5) the uncertainty of government regulation (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (7) inability to finance (8) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on September 10, 2014 as Torino Ventures Inc. The Company changed its name to Torino Power Solutions on November 13, 2016. On November 6, 2015, the Company and Smart Autonomous Solutions Inc. ("SAS") completed a Share Exchange Agreement whereby the Company acquired all of the issued and outstanding shares of SAS. SAS is considered to have acquired the Company with the Share Exchange Agreement being accounted as a reverse takeover of the Company by SAS shareholders (the "RTO"). As SAS is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2011 are included in the December 31, 2015 consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of SAS in accordance with IFRS 3, Business Combinations. The Company's results of operations are included from November 6, 2015 onwards, the closing date.

The Company's primary business is the development and commercialization of its patented DTCR technology and proprietary system architecture for application in overhead transmission lines. On June 4, 2012, the Company, formerly known as Smart Autonomous Solutions Inc. ("SAS") entered into a binding Intellectual Property and Subscription Agreement with the University of Manitoba for the purchase of certain Canadian and US patent applications entitled, "A Sensing System Based on Multiple Resonant Electromagnetic Cavities" and International patent application entitled, "Measuring Strain in a Structure using a sensor having electromagnetic resonator". In consideration for the Intellectual Property and Subscription Agreement, SAS, paid the University of Manitoba a total of 2,500,000 common shares and $250,000 in cash.

The Company holds the following patents in relation to the Intellectual Property and Subscription Agreement with the University of Manitoba:

File Date	**Country**	**App Type**	**Identification**	**Status**
Measuring strain in a structure using a sensor having an electromagnetic resonator (US title)				
2003-06-26	Canada	Nationalized PCT	2,486,551	Granted Patent
2004-12-27	United States	Nationalized PCT	US 7,347,101	Granted Patent
2003-06-26	Europe	Nationalized PCT	EP1520159	Granted Patent
Sensing system based on multiple resonant electromagnetic cavities (US title)				
2006-09-12	Canada	Substantive	2,559,694	Granted Patent
2006-09-12	United States	Substantive	US 7,441,463	Granted Patent
2006-11-24	Australia	Substantive	2006241369	Granted Patent

The SAS – University of Manitoba agreement also includes a provision for "Technology Rights" which covers all technical information, know-how, processes, procedures, compositions, methods, formulas, protocols, techniques or data developed by the Inventors at the University relating to the Invention, and in the possession of the University, which are not covered by the Patent Rights, but which in the opinion of the University, are necessary for practicing the inventions and discoveries disclosed and validly claimed in the Patent Rights (collectively, the "Technology Rights"); and any future Improvements.

Milestone payments to the University of Manitoba

Milestone payment 1

Within 30 days of the Corporation achieving cumulative gross sales of Ten Million Dollars ($10,000,000) with respect to the Product, licensing revenues and/or sublicensing revenues relating to the Assigned Rights and/or the Invention, the University shall receive Two Hundred Fifty Thousand ($250,000), plus any applicable taxes, from the Corporation ("Milestone payment No.1").

Milestone payment 2

Within 30 days of the Corporation achieving cumulative gross sales of Twenty Million Dollars ($20,000,000) with respect to the Product, licensing revenues and/or sublicensing revenues relating to the Assigned Rights and/or the Invention, the University shall receive a further Two Hundred Fifty Thousand ($250,000), plus any applicable taxes, from the Corporation ("Milestone payment No.2").

The following patents have been filed by the Company:

Method and apparatus for monitoring physical properties				
2012-08-20	United States	Substantive	US 8,829,924	Granted Patent
Cable Temperature Sensor				
2018-03-26	United States	Provisional	US 62648227	Patent Pending

REVERSE ASSET ACQUISITION TRANSACTION OF TORINO VENTURES INC.

Effective November 5, 2015, the Corporation completed a reverse asset acquisition (the "Transaction") of Torino Ventures Inc., a reporting issuer in B.C., Alberta and Manitoba. Pursuant to the Transaction, former SAS shareholders received 12,062,927 common shares of the Corporation out of a total 17,662,905 common shares of the Corporation issued and outstanding on the closing date of the Transaction. After completion of the share exchange agreement, the shareholders of SAS held approximately 68% of the Company. Accordingly, SAS is considered to have acquired the Company with the Transaction being accounted as a reverse asset takeover of the Company by SAS shareholders. As a result of the Transaction, the Company is a reporting issuer in B.C., Alberta, and Manitoba. As SAS is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2011 are included in the December 31, 2016 financial statements at their historical carrying values. The consolidated financial statements are a continuation of SAS. The Company's results of operations are included from November 6, 2015 onwards.

As a result of the Transaction, the Company currently has one exploration property, the Monster Lake South Gold Property (also known as the "Hazeur Property") located in Quebec, Canada, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof. The Corporation does not consider the property to be a material asset to the Corporation.

HAZEUR GOLD PROPERTY – QUEBEC, CANADA

For a full description of the Hazeur Property, in addition to the proposed two-stage work program thereon, please see the Technical Report titled NI 43-101 Technical Report On the Monster Lake South property dated March 12, 2015 prepared for the Company by Jeannot Theberge P.Geo, Terrax Management Inc., a copy of which has been filed on SEDAR and available for review at www.sedar.com. On September 22, 2016, the Company sold 100% of the Hazeur Property to TomaGold Corporation for 1,200,000 common shares of TomaGold Corporation.

OVERALL PERFORMANCE

The Company was incorporated on September 10, 2014 and completed its plan of arrangement on March 12, 2015 is a reporting issuer in British Columbia, Alberta and Manitoba. The Company has not generated revenues to date from its Dynamic Thermal Circuit Rating (DTCR) technology and anticipates that it will continue to require equity financing to fund operations until such time a commercial product is developed and generates revenues on a profitable basis. The Company is focussed on commercializing and generating sales for its technology and management anticipates that expenses will increase during the foreseeable future as the Company carries out certification, pilot testing and refinement of its technology, installation and support capabilities. The Company has incurred costs in connection with the technology development and commercialization business. Net loss for the year ended December 31, 2017 was $2,744,314 (2016 - $1,251,247).

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended December 31, 2017, 2016, and 2015:

	December 31, 2017	December 31, 2016	December 31, 2015
	($)	($)	($)
Net loss	(2,774,314)	(1,251,247)	(1,294,250)
Basic and diluted loss per share	(0.07)	(0.04)	(0.10)
Total assets	355,539	1,763,894	2,462,228

As an early stage technology development company, the Company has not generated revenues to date from the development of its DTCR technology. The Company incurred a net loss of $2,774,314 during the year ended December 31, 2017 largely as a result of technology research and development, business development, an impairment of intangible assets, and administrative costs for operating the Company. In addition, the Company incurred expenses related to its sole pilot installation in Colorado, USA. The pilot installation has not generated any revenue to date.

During the year ended December 31, 2017, the Company incurred increased operational costs that included consulting fees, employment contracts and a ramp up research and development of its DTCR technology, increase in business development activities, and serviced its sole pilot customer.

During the year ended December 31, 2016, the Company incurred expenses related to the company's regular operations, including that of technology development and initial business development. There were placement fees and interest expenses in relation to the convertible debt the Company issued and converted during the year ended December 31, 2016. The Company anticipates that expenses will continue to rise in connection with the Company's focus on the identification and development of its technology business. See the discussion under the headings "Liquidity" and "Capital Resources" for more information.

RESULTS OF OPERATIONS

Year ended December 31, 2017 compared to December 31, 2016

During the year ended December 31, 2017, the Company incurred expenses of $2,830,581 (2016 - $1,300,447). Changes in expenses over the two periods were primarily incurred as a result of slight fluctuations during the normal course of business and considerable additional expenses in relation to the impairment of intangible assets, consulting, and research and development costs. Expenses consisted of consulting fees of $716,434 compared to $389,174 in 2016, an increase due to additional management fees incurred by the Company, amortization and depreciation expense of $255,555 (2016 - $252,727), which consisted of software, computer and development equipment depreciation expense of $10,555 in 2017, which was very similar to $7,727 in 2016, and intellectual property amortization expense of $245,000 in both 2017 and 2016, wages and benefits of $117,068, compared to $167,763 in 2016, which was slightly lower due to less employees and additional consultants, rent of $40,664 (2016 - $38,808), professional fees (accounting and legal) of $13,909 compared to $38,057 in 2016, the higher professional fees in 2016 was largely due to additional legal fees related to the public listing, development expenses of $232,039, up from $138,008 in 2016, the increase in development expenses was largely due to the increase in material purchases by the Company and consulting fees related to the DTCR System, other office and administrative expenses of $72,623 compared to $31,929 in 2016, transfer agent and filing fees of $44,997 (2016 - $43,412), share-based compensation was $nil in 2017 compared to $200,569 in 2016 due to the issuance of stock options during 2016, and impairment of intangible assets was $1,337,292 in 2017 compared to $nil in 2016, the impairment was related to the write down of the DTCR IP. Other income and expenses in 2017 consisted of a gain on the settlement of debt of $42,273 and a write-off of accounts payable. Other income and expenses in 2016 consisted of a gain on the sale of the exploration and evaluation asset of $133,200 and an unrealized loss on marketable securities of $84,000. Net loss for the year ended December 31, 2017 was $2,774,563 compared to $1,251,247 in 2016.

The Company anticipates that development and consulting expenses will increase during the upcoming year as the development of the technology continues and business development costs rise as well as new personnel that may be added to increase sales and marketing efforts. The Company will also look to allocate funds for the development of new products (tension sensor and underground temperature sensor). The Company will also incur costs relating to listing on a Canadian stock exchange. It is anticipated that other office and administrative costs will remain relatively stable going forward. It is anticipated that business development costs will rise as the Company seeks sales and marketing staff. The Company also anticipates costs related to certifications and testing as required by potential customers in different jurisdictions.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the 8 most recently completed quarters:

	Quarter Ended December 31, 2017 $	Quarter Ended September 30, 2017 $	Quarter Ended June 30, 2017 $	Quarter Ended March 31, 2017 $	Quarter Ended December 31, 2016 $	Quarter Ended September 30, 2016 $	Quarter Ended June 30, 2016 $	Quarter Ended March 31, 2016 $
	12/31/2017	09/30/2017	06/30/2017	03/31/2017	12/31/2016	09/30/2016	06/30/2016	03/31/2016
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(1,667,463)	(334,134)	(534,972)	(237,745)	(438,817)	(124,262)	(401,002)	(287,166)
Loss per share, basic and diluted	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)

On a quarter-by-quarter basis the loss can fluctuate significantly due to research and development costs during the period, consulting fees, placement fees in connection with financings, amortization, professional fees related to audits, filing fees, and the timing of stock option grants. As an early stage technology development company, the Company has not generated revenues to date from the development of its DTCR technology. The Company incurred a net loss of $1,667,463 during the quarter ended December 31, 2017 largely as a result of the impairment of $1,337,292technology research and development, administrative costs for operating the Company and consulting fees.

An analysis of the quarterly results over the last eight quarters shows that expenses of the Company have varied over the eight periods compared. The majority of the expenses were similar during the company's regular operations with expenses relating to the technology development increasing over the last eight quarters. Although most general expenses have been similar, net loss was higher in the quarters ended December 31, 2017, June 30, 2017, and June 30, 2016. An impairment of IP of $1,337,292 was recorded during the quarter ended December 31, 2017, share-based compensation of $200,569 was recoded in June 30, 2016 due to stock options being issued, and consulting fees increased dramatically during the quarter ended June 30, 2017. Overall, consulting fees, which included management fees have increased over the last three quarters. Transfer agent and filing fees were incurred during the last seven quarters along with legal and accounting expenses relating to the exchange listing. Net loss can also fluctuate during certain quarters due to amortization expenses and the timing of stock option issuances. Stock options were issued during the quarter ended June 30, 2016, which increased the net loss as $200,569 was recorded as share-based compensation expense. The company recorded amortization related to the Company's assets during the quarters ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016. The Company reported a gain on the sale of the exploration property during the quarter ended September 30, 2016 of $73,200. During the quarters ended December 31, 2017 and September 30, 2017, the Company had increased expenses relating to additional consultants and advertising and promotion to assist with advancing the company towards a commercialized product. Management anticipates expenditures to increases as the Company works to commercialize its DTCR technology. Other expenditures should increase going forward as management anticipate additional costs related to the Company's activities. See the discussion under the headings "Liquidity" and "Capital Resources" for more information.

LIQUIDITY

The Company has not completed a commercial sale of any of its technology holdings and accordingly, the Company does not generated cash from operations. The Company finances its activities by raising capital from equity markets. The Company may encounter difficulty sourcing future financing.

On May 25, 2017, the Company issued 10,773,705 units at $0.075 per unit for gross proceeds of $808,028. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.15 for a period of two years. In connection with this private placement, the Company paid finders' fees of $20,340, issued 218,931 common shares with a fair value of $16,420, and issued 490,133 brokers' warrants with a fair value of $59,765. Each broker warrant entitles the holder to acquire one additional common share at an exercise price of $0.15 for a period of two years. The fair value of the brokers' warrants issued were estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions: risk-free interest rate of 0.71%, expected life of two years, expected forfeitures of 0% and expected volatility of 186%.

As at December 31, 2017, the Company had cash of $278,314 (2016 - $48,974) and working capital of $281,776 (2016 - $136,981).

During the year ended December 31, 2017, the Company issued 656,000 common shares for proceeds of $65,600 pursuant to the exercise of share purchase warrants.

During the year ended December 31, 2017, the Company issued 3,886,364 common shares with a fair value $485,228 for the settlement of $485,228 in debt. Of this amount, 1,130,682 common shares were issued to settle debt of $140,000 for each of the Chief Executive Officer, Chief Financial Officer, and a director of the Company.

If additional funds are required, the Company plans to raise additional capital primarily through private placements of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the recovery from the global financial crisis, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

CAPITAL RESOURCES

The Company continues to utilize its cash resources to fund its administrative requirements and product development. As the Company does not currently generate revenue, cash balances will continue to decline as funds are utilized to conduct its operations, unless replenished by capital fundraising. In order to fund the Company's ongoing operational needs, the Company will need funding through equity or debt financing. The Company's operations to date have been financed by the issuance of its common shares. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the ability of the Company to continue as a going concern will be in significant doubt. The Company has incurred $6,644,603 in losses from inception including a net loss of $2,774,314 for the year ended December 31, 2017 (2016 - $1,251,247), and has a working capital of $281,777 as at December 31, 2017 (2016 – $136,981).

Operating Activities

The Company used net cash of $683,695 in operating activities during the period ended December 31, 2017 (2016 - $508,948).

Financing Activities

The Company received net cash of $853,289 in financing activities during the year ended December 31, 2017 (2016 - $nil).

Investing Activities

The Company received cash of $59,746 from investing activities during the year ended December 31, 2017 and used cash of $34,365 during the year ended 2016.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) During the year ended December 31, 2017, the Company incurred consulting fees of $150,000 (2016 - $120,000) to the Chief Executive Officer of the Company. As at December 31, 2017, the Company owed $10,000 (2016 - $nil) to the Chief Executive Officer.

(b) During the year ended December 31, 2017, the Company incurred consulting fees of $150,000 (2016 - $120,000) to the Chief Financial Officer of the Company. As at December 31, 2017, the Company owed $10,000 (2016 - $nil) to the Chief Financial Officer.

(c) During the year ended December 31, 2017, the Company incurred consulting fees of $50,000 (2016 - $120,000) to a former director of the Company.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

SUBSEQUENT EVENT

Subsequent to December 31, 2017, the Company issued 1,220,000 common shares pursuant to the exercise of warrants for proceeds of $122,000.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these consolidated financial statements.

IFRS 2, “Share-based Payment” (Amended)

IFRS 9, “Financial Instruments” (New)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company’s consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s financial instruments consist of cash, short-term investments, marketable securities, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest rate, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company’s general and administrative expenses is disclosed in the audited consolidated financial statements for the year ended December 31, 2017 to which this MD&A relates.

The Company sold its sole exploration and evaluation asset during the year ended December 31, 2016.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

As at April 30, 2018, the Company had 49,570,488 common shares issued and outstanding.

Share Purchase Warrants

As at April 30, 2018, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
2,296,500	0.20	April 30, 2018
1,874,000	0.10	September 2, 2018
11,263,838	0.15	May 25, 2019
15,434,338		

Stock Options

As at April 30, 2018, the following stock options outstanding were outstanding:

Number of Options	Exercise Price	Expiry Date
2,100,000	$0.15	May 13, 2021
645,000	$0.15	May 13, 2018

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in ***early stage technology development****, the Company faces a high risk of business failure.*

The Corporation currently does not generate revenue from its operations, and as a result, we face a high risk of business failure.

The Corporation has a history of operating losses and may never achieve profitability in the future. The Corporation is an early stage technology company; accordingly, it has not generated any business income from its proprietary systems to monitor the Dynamic Thermal Circuit Rating.

The Corporation expects to be involved in research and development of its Dynamic Thermal Circuit Rating (DTCR) monitoring system, working to achieve certification for its technology and then performing pilot tests to determine its commercial viability. This process may take several years and require significant financial resources without income. The Corporation expects these expenses to result in continuing operating losses for the foreseeable future.

The Corporation’s ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract the experienced management and know-how to develop and commercialize its DTCR monitoring system. Successfully developing a DTCR monitoring system into marketable solution may take several years and significant financial resources and the Corporation cannot assure that it can achieve these objectives.

Patents & IP

The Corporation through its agreements with the University of Manitoba and on its own holds certain rights to existing patents and patent applications but cannot guarantee their final patent approval or commercial viability.

Industry Risks

The market for DTCR monitoring system is characterized by evolving industry standards, changes in end-user requirements and frequent new product introductions and enhancements. The introduction of products embodying new technologies and the emergence of new industry standards and service offerings could render the Corporation’s existing products and products currently under development obsolete. The Corporation's success will largely depend upon its ability to evolve its products and services to sufficiently keep pace with technological developments and respond to the needs of its existing and prospective customers. Failure to anticipate or respond adequately to technological developments or future customer requirements, or any significant delays in product development or introduction, could damage the Corporation’s competitive position in the market place and effect commercialization plans. There can be no assurance that the Corporation will be successful in developing and marketing new products or product enhancements or service offerings on a timely basis.

Current and future competitors could have a significant impact on our ability to generate future revenue and profits

The markets for our products are intensely competitive, and are subject to rapid technological change and other pressures created by changes within our industry. We expect competition to increase and intensify in the future as additional companies enter our markets, including competitors who may offer similar solutions but provide them through different means. We may not be able to compete effectively with current competitors and potential entrants into our marketplace. We could experience diminished market share if our current or prospective competitors introduce new competitive products; add new functionality to existing products, acquire competitive products, reduce prices, or form strategic alliances with other companies. If competitors were to engage in aggressive pricing policies with respect to their products, or if the dynamics in our marketplace resulted in increasing bargaining power by the consumers of our products and services, we might need to lower the prices we charge for the products we plan to offer. This could result in lower revenues or reduced margins, either of which may materially and adversely affect our business and operating results.

We may become involved in legal matters that may materially adversely affect us

From time to time in the ordinary course of our business, the Corporation may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management’s attention and resources and cause the Corporation to incur significant expenses. Furthermore, because litigation is inherently unpredictable, and can be highly expensive, the results of any such actions may have a material adverse effect on the Corporation’s business, operations or financial condition.

Investment in our current research and development efforts may not provide a sufficient, timely return

The development of new software products and strategies is a costly, complex and time-consuming process, and the investment in technology product development often involves a prolonged time until a return is achieved on such an investment. We have made, and will continue to make, significant investments in technology development and related product opportunities. Investments in new products are inherently speculative and risky. Commercial success depends on many factors including the degree of innovation of the products developed, sufficient support from our strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for new development. These expenditures may adversely affect our operating results if they are not sufficiently offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our development efforts in order to maintain our competitive position. However, significant revenue from new product and service investments may not be achieved for a prolonged period of time, if at all. Moreover, new products and services may not be profitable, and even if they are profitable, operating margins for new products and businesses may not be as lucrative as the margins we previously experienced for our legacy products and services.

Protection of proprietary technology can be unpredictable and costly

The Corporation's success will depend in part upon successful new patent applications for its technology and protecting existing patents that the Corporation holds. Obtaining such patent protection can be costly and the outcome of any application for such can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent protection, thereby affecting the development and commercial value of the Corporation's technology and products.

Competition

The planned business to be carried out by the Corporation will be highly competitive and involve a high degree of risk. There can be no assurance that the Corporation will be the only DTCR developer in North America or globally. In its efforts to achieve its objectives, the Corporation will compete with other companies that may have greater resources, many of which will not only develop technology but also manufacture and sell similar products on a worldwide basis.

Uninsured or Uninsurable Risk

The Corporation may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position.

Conflicts of Interest

Our executive officers and directors will devote only that portion of their time which, in their judgment and experience, is reasonably required for the management and operation of our business. Management may have conflicts of interest in allocating management time, services and functions among the Corporation and any present and future ventures which are or may be organized by our officers or directors and/or their affiliates. Management are not required to direct the Corporation as their sole and exclusive function, and they may have other business interests and engage in other activities in addition to those relating to the Corporation. This includes rendering advice or services of any kind to other investors and creating or managing other businesses.

It is possible, however, that our directors and officers may owe similar consideration to another organization(s). It is possible that these and other conflicts of interest are resolved in a way that has a material adverse impact on the Corporation.

Dependence on Key Personnel

The Corporation depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Corporation's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial Liquidity

The Corporation has not yet generated revenues and will likely operate at a loss as it looks to establish its first commercial DTCR products. The Corporation may require additional financing in order to execute its business plan.

Our ability to secure required financing will depend in part upon on investor perception of our ability to create a successful business. Capital market conditions and other factors beyond our control may also play important roles in our ability to raise capital. The Corporation can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to our management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that we feel the business requires, or unavailable on acceptable terms, we may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Financial Statements Prepared on Going Concern Basis

The Corporation's consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Corporation's future operations are dependent upon the successful completion of financing and the creation of operations deemed successful according to the standards of our industry. The Corporation cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our consolidated financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Corporation be unable to continue as a going concern.

We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and the diversion of resources.

Insurance companies offer limited business insurance products and do not, to our knowledge, offer business liability insurance suitable to management. While business disruption insurance is available, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except for directors liability and fire insurance, we do not have any business liability, disruption or litigation insurance coverage for our development operations. Any business disruption or litigation may result in our incurring substantial costs and the diversion of resources.

Our Articles of Association contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.

Our Articles of Association contain provisions with respect to the indemnification of our officers and directors against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by them in a civil, criminal or administrative action or proceeding to which they are made a party by reason of their being or having been a director or officer of the Corporation.

Costs of Maintaining a Public Listing

As a result of seeking a public listing, the Corporation will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Corporation may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

No Public Trading Market

Currently there is no public market for the Securities of the Company, and there can be no assurance than an active market for the Offered Securities will develop or be sustained at any time. If an active public market for the Corporation's securities does not develop, the liquidity of an investor's investment may be limited and the share price may decline.

Share Price Volatility and Speculative Nature of Share Ownership

If the Corporation successfully lists on a Canadian exchange, this may result in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Corporation may significantly influence the price at which our shares trade, and the volatility of our share price. Quarterly operating results and material developments reported by the Corporation can, and likely will, influence the price of shares.

Sentiment toward technology stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Corporation's shares. The Corporation is a relatively young company that is not generating revenue and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Corporation's shares on any potential exchange.

We do not intend to pay dividends.

We have never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of a dividend. Because we do not intend to declare dividends, any gain on an investment in the Corporation will need to come through an increase in the price of our Shares. This may never happen and investors may lose all of their investment in the Corporation.

Risks Relating to the Company's Common Stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The Board of Directors of the Company has approved this MD&A.