Torino Power Solutions Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the financial year ended December 31, 2019

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements and notes thereto for the year ended **December 31, 2019** 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 February 14, 2020.

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 was 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 was deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2011 were included in the December 31, 2015 consolidated financial statements at their historical carrying value. The consolidated financial statements were 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 Company 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 Company ("Milestone payment No.1").

Milestone payment 2

Within 30 days of the Company 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 Company ("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				
2019-05-07	United States	Provisional	US 62/844,684	Patent Pending

REVERSE ASSET ACQUISITION TRANSACTION OF TORINO VENTURES INC.

Effective November 5, 2015, the Company 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 Company out of a total 17,662,905 common shares of the Company 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 was 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 was deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2011 were included in the December 31, 2016 financial statements at their historical carrying values. The consolidated financial statements were a continuation of SAS. The Company's results of operations are included from November 6, 2015 onwards.

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, 2019 was $242,377 (2018- $878,762).

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended December 31, 2019, 2018, and 2017:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
	($)	**($)**	**($)**
Net loss	(242,377)	(878,762)	(2,774,314)
Basic and diluted loss per share	–	(0.02)	(0.07)
Total assets	13,200	109,495	355,539

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 $242,377 during the year ended December 31, 2019 largely as a result of technology research and development, business development, and administrative costs for operating the Company. The Company has one pilot installation and this installation has not generated any revenue to date.

During the year ended December 31, 2019, the Company reduced operational costs that included consulting fees, employment contracts, and research and development of its DTCR technology.

During the year ended December 31, 2018, the Company maintained operational costs that included consulting fees, employment contracts, and research and development of its DTCR technology, while increasing business development and partnering activities.

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. Included in the net loss for the year was an impairment of intangible assets of $1,337,292 due to the uncertainty of future cash flows.

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, 2019 compared to December 31, 2018

During the year ended December 31, 2019, the Company incurred expenses of $345,963 (2018 - $997,762). Significant changes in expenses over the two periods were a result of a decrease in operating costs during the period ended December 31, 2019. Consulting fees, wages and benefits, and research and development costs all decreased significantly due to a reduction in expenditures towards the DTCR technology and a reduction in management fees. Expenses consisted of consulting fees of $180,406 compared to $541,649 in 2018, a decrease due to lower fees paid to management during 2019, depreciation expense of $1,864 (2018 - $8,895), which consisted of software, computer and development equipment depreciation. Wages and benefits expenses were $47,464, compared to $109,521 in 2018, which was lower due to less employees, rent was $10,411 (2018 - $43,527), which was lower due to the Company reducing office space during the year ended December 31, 2019. Professional fees (accounting and legal) expenses were $18,017 compared to $13,942 in 2018, research and development expenses totalled $983 compared to $212,989 in 2018, a reduction development expenses were largely due to fewer materials purchases by the Company and reduced consulting fees related to the DTCR System. Transfer agent and filing fees were $26,953 (2018 - $29,515), share-based compensation was $54,164 in 2019 compared to $14,099 in 2018, the increased amount was due to the issuance of 1,000,000 stock options during 2019 compared to the issuance of 200,000 during the year ended December 31, 2018. Other income and expenses in 2019 consisted of a gain on the settlement of debt of $108,000 compared to $119,000 in 2018 and loss on disposal of property and equipment of $4,414 compared to $nil in 2018. Net loss for the year ended December 31, 2019 was $242,377 compared to $878,762 in 2018.

The Company anticipates that development and consulting expenses will decrease during the upcoming year as the development of the technology has been reduced. It is anticipated that other office and administrative costs will remain relatively stable going forward. Development of the technology and therefore spending related to the technology will be directly related to the Company's ability to raise additional capital.

Three-months ended December 31, 2019

During the three-month period ended December 31, 2019, the Company incurred expenses of $23,124 (2018 - $251,235), primarily a gain on research and development costs of $131 compared to an expenses of $54,389 in 2018, consulting fees of $nil (2018 - $135,450), professional fees of $17,423 (2018 - $8,465), transfer agent and filing fees of $17,622 compared to $4,064 in 2018, amortization adjustment of $4,414 compared to an expense of $8,895 in 2018, rent expense of $nil (2018 - $10,560), wages and benefits of $nil (2018 - $24,652) and office and miscellaneous costs of $2,219. Loss on disposal of property and equipment was $4,414 was recorded during the quarter ended December 31, 2019. Gain on the settlement of debt for the quarter ended December 31, 2019 was $108,000 (2017 - $119,000). Net income for the three-month period ended December 31, 2019 was $79,917 and net loss for the three-month period ended December 31, 2018 was $132,235.

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, 2019 $	Quarter Ended September 30, 2019 $	Quarter Ended June 30, 2019 $	Quarter Ended March 31, 2019 $	Quarter Ended December 31, 2018 $	Quarter Ended September 30, 2018 $	Quarter Ended June 30, 2018 $	Quarter Ended March 31, 2018 $
	12/31/2019	09/30/2019	06/30/2019	03/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (loss)	79,917	(10,773)	(111,154)	(200,367)	(132,235)	(236,011)	(260,531)	(249,985)
Earnings (loss) per share, basic and diluted	–	–	–	–	–	–	(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.

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 from the quarter ended March 31, 2018 to the quarter ended January 31, 2019. During the quarters ended December 31, 219 and December 31, 2018, the Company had a gain of settlement of debt of $108,000 and $119,000, respectively. During the quarters ended March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019, the Company had a reduction in development expenses due to having fewer employees and consultants, and purchasing fewer materials. During the quarter ended December 31, 2019, the Company realized a gain due to year-end adjustments, primarily due to the gain on the settlement of debt of $108,000. Future development and commercialization of the DTCR technology will depend of the Company's ability to raise additional capital. Management anticipates expenditures to increases as the Company works to commercialize its DTCR technology. 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.

As at December 31, 2019, the Company had cash of $10,861 (2018 - $67,205), and a working capital deficiency of $26,085 compared to working capital of $82,850 at December 31, 2018.

On January 8, 2019, the Company issued 3,150,000 common shares with a fair value of $220,500 to settle accounts payable of $315,000 pursuant to the debt settlement agreements entered into on December 31, 2018.

On August 9, 2019, the Company issued 3,600,000 common shares with a fair value of $72,000 to settle accounts payable of $180,000. Included in this issuance is 1,800,000 common shares with a fair value of $36,000 to settle accounts payable of $54,000 for each of the President of the Company and the Chief Financial Officer of the Company. This resulted in a gain on settlement of debt of $108,000.

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 $7,765,742 in losses from inception including a net loss of $242,377 for the year ended December 31, 2019 (2018 - $878,762), and has working capital deficiency of $26,085 as at December 31, 2019 and working capital of $82,850 as at December 31, 2018.

Operating Activities

The Company used net cash of $77,344 in operating activities during the year ended December 31, 2019 (2018 - $426,950).

Financing Activities

The Company received net cash of $nil in financing activities during the year ended December 31, 2019 (2018 - $217,250).

Investing Activities

The Company received net cash of $21,000 from investing activities during the year ended December 31, 2019 and used cash of $1,409 during the year ended December 31, 2018.

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, 2019, the Company incurred consulting fees of $90,000 (2018 - $180,000) to the Chief Executive Officer of the Company.

(b) During the year ended December 31, 2019, the Company incurred consulting fees of $90,000 (2018 - $180,000) to the Chief Financial Officer of the Company.

PROPOSED TRANSACTIONS

On January 13, 2020, the Company and KABN Systems North America Inc. ("KABN") have entered into a share exchange agreement whereby the Company will acquire all of the issued and outstanding common shares in the capital of KABN in exchange for the Company's common shares on a one for one basis. Immediately prior to the share exchange, the Company will complete a 1-for-10 share consolidation. This transaction will result in reverse takeover of the Company by KABN. The proposed transaction is subject to shareholder and regulatory approval.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, 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 financial statements for the year ended December 31, 2019 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

As at February 14, 2020, the Company had 59,722,988 common shares issued and outstanding.

Share Purchase Warrants

As at February 14, 2020, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
11,263,838	0.15	May 25, 2020

Stock Options

As at February 14, 2020, the following stock options outstanding were outstanding:

Number of Options	Exercise Price	Expiry Date
2,100,000	$0.15	May 13, 2021
200,000	$0.15	June 4, 2020
1,000,000	$0.10	January 22, 2020

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

The Company has a history of operating losses and may never achieve profitability in the future. The Company 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 Company 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 Company expects these expenses to result in continuing operating losses for the foreseeable future.

The Company'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 Company cannot assure that it can achieve these objectives.

Patents & IP

The Company through its agreements with the University of Manitoba and on its own hold 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 Company's existing products and products currently under development obsolete. The Company'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 Company's competitive position in the market place and effect commercialization plans. There can be no assurance that the Company 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 Company 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 Company 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 Company'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 Company's success will depend in part upon successful new patent applications for its technology and protecting existing patents that the Company 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 Company's technology and products.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. There can be no assurance that the Company will be the only DTCR developer in North America or globally. In its efforts to achieve its objectives, the Company 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 Company 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 Company 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 Company 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 Company. 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 Company.

Dependence on Key Personnel

The Company 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 Company'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 Company has not yet generated revenues and will likely operate at a loss as it looks to establish its first commercial DTCR products. The Company 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 Company 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 Company's 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 Company'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 Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company 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 Company.

Share Price Volatility and Speculative Nature of Share Ownership

Factors both internal and external to the Company 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 Company 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 Company's shares. The Company 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 Company'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 Company 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 Company.

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.