KABN Systems NA Holdings Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS
for the three and nine month period ended September 30, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated condensed interim financial statements and notes thereto for the three and nine month period ended **September 30, 2020** of KABN Systems NA Holdings Corp (the "Company" or "KABN"). 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 November 27, 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. 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. 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) delays in technology development (3) industry competition (4) the uncertainty of market acceptance (5) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (6) inability to finance (7) 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. The Company further changed its name to KABN Systems NA Holdings Corp. on June 4, 2020.

The Company wholly owns KABN Systems North America Inc. ("KABN NA") as part of the reverse takeover ("RTO") transaction completed on June 4, 2020 (described below). The Company through its wholly owned subsidiary is the exclusive licensee for the US and Canada of KABN (Gibraltar) Ltd's ("KABN Gibraltar") financial services platform, KABN ID which provides organizations with enabled *Always On* identity validation and verification process. As at September 30, 2020, Crypto KABN Holdings Inc. and KABN Gibcan Inc. held a combined 38.44% of the Company's total common shares outstanding. KABN Gibraltar controls KABN Gibcan Inc.

KABN Systems NA Holdings Corp. through its wholly owned subsidiary KABN Systems North America Inc. focuses on the verification, management and monetization of digital identity, empowering users to control and benefit from use of their online identity. KABN propriety technology suite includes 4 key products:

Liquid Avatar allows users to create high quality digital icons representing their online personas. These icons, in conjunction with KABN ID, allow users to manage and control their Digital Identity and to use Liquid Avatars to share public and permission based private data when they want and with whom they want. www.liquidavatar.com

KABN ID is an *Always On*, biometric and blockchain based digital identity validation and verification platform allowing users to continuously and confidently prove themselves throughout the online community.

KABN Card is a Visa approved prepaid card program allowing users to manage both digital and fiat currencies and earn cashback and other loyalty incentives. www.kabncard.com

KABN KASH is a cashback, loyalty and engagement program that powers the KABN revenue ecosystem.

KABN provides its products and services at no cost to consumers and generates revenues through permission-based partner programs. www.kabnkash.com

For more information, please visit www.kabnnaholdco.com or www.kabnsystemsna.com

REVERSE TAKEOVER ACQUISITION TRANSACTION OF TORINO POWER SOLUTIONS INC.

On January 13 2020, the Company and its newly formed wholly owned subsidiary 2733668 Ontario Inc. ("Subco") entered into an Amalgamation Agreement (the "Amalgamation Agreement") with KABN NA an arm's length private company, whereby the Company would acquire KABN NA (the "Transaction"). The Transaction is structured as a "three-cornered amalgamation" whereby KABN NA amalgamated with Subco, thereby forming Amalco.

Amalco is a wholly-owned subsidiary of the Company and concurrently, upon completion of the Transaction the Company, changed its name from Torino Power Solutions Inc. to KABN Systems NA Holdings Corp. Pursuant to the Amalgamation Agreement, upon the close of the Transaction, the Company acquired all of the issued and outstanding shares of KABN NA in exchange for issuance of common shares of the Company. The Transaction resulted in the business of KABN NA becoming the business of the Company.

Immediately prior to the completion of the Transaction, the Company completed a 1-for-10 share consolidation (the "Consolidation") and replaced certain directors and officers of the Company on closing of the Transaction with nominees of KABN NA.

On March 31, 2020, the Company held its annual general and special meeting of common shareholders. All resolutions were passed at the meeting, including the following resolutions related to the Transaction:

- The ordinary resolution authorizing the business combination among the Company, 2733668 Ontario Inc. and KABN NA. (the "Business Combination") on the terms and subject to the conditions contained in a Business Combination Agreement dated as of January 13, 2020 among the aforementioned parties.

- The ordinary resolution setting the number of directors of the Company (the "Company") at five (5), conditional on and effective only upon the closing of the Business Combination.

- The ordinary resolution electing the election of Houssam (Sam) Kawtharani, Benjamin Kessler, David Lucatch, J. Patrick Mesina and Ravinder Mlait as directors of the Company, conditional on and effective upon the closing of the Business Combination.

- The ordinary resolution appointing RSM Canada LLP as the auditor of the Company to hold office conditional on and effective upon the closing of the Business Combination.

- A new stock option plan for the Company.

Immediately Subsequent to giving effect to the Transaction (inclusive of the 14,490,912 common shares issued pursuant to the financing), the issued and outstanding share capital of the Company was 65,750,228 common shares, undiluted. The former shareholders of KABN NA hold 59,777,942 common shares of the Company, representing 91% of the post-Transaction issued and outstanding common shares of the Company.

On a fully diluted basis, total issued and outstanding common share consisted of 85,329,595 common shares. The former shareholders of KABN NA held 59,777,942 common shares of the Company, representing 70% of the post-Transaction issued and outstanding common shares of the Company.

Because the former shareholders of KABN NA obtained control of the Company, the Transaction is considered a purchase of the Company by KABN NA and is accounted for as a reverse acquisition. This reverse acquisition is not a business combination and therefore outside the scope of IFRS 3 Business Combinations. As KABN NA has granted equity investments in return for goods and services received, the transaction falls under the scope of IFRS 2 Share Based Payment. The consideration is based on the fair value of the Company's common shares that were exchanged as this is the most reliable indicator of fair value. The consideration is recognized with a corresponding increase in the equity of KABN.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters (This table starts with the incorporation of KABN NA's business and therefore there are less than 8 quarters of history):

	Quarter Ended September 30, 2020 $	**Quarter Ended June 30, 2020 $**	**Quarter Ended March 31, 2020 $**	**Quarter Ended December 31, 2019 $**	**Quarter Ended September 30, 2019 $**	**Period Ended June 30, 2019 $**
	09/30/2020	06/30/2020	03/31/2020	12/31/2019	09/30/2019	06/30/2019
Revenue	Nil	Nil	80	Nil	15,277	Nil
Net income (loss)	(1,139,708)	(2,111,282)	(425,107)	(202,515)	(372,921)	(37,992)
Loss per share, basic and diluted	(0.017)	(0.04)	(0.009)	(0.004)	(0.01)	(0.001)

The business of KABN's wholly owned subsidiary KABN NA commenced on May 1, 2019. The comparative figures presented throughout this MD&A are the historical results of KABN NA and represent a partial period of results commencing May 1, 2019 to September 30, 2019.

OVERALL PERFORMANCE (for the quarter ended September 30, 2020)

KABN recognized a net loss of $1,139,708 for the quarter ended September 30, 2020 compared to a net loss of $372,921 for the quarter ended September 30, 2019. The operating company commenced operations on May 1, 2019 and had much lower operational expenses for the prior year's comparative period. The main expenses in the prior period were legal fees of $217,630, amortization of intangible assets of $67,255 and marketing and communications of $48,969. The Company was initially preparing for an initial public offering prior to being introduced to the RTO opportunity. The main drivers of the September 30, 2020 quarter's net loss were a ramp up of product development and launch activities of $219,193 and management and staff expenses of $277,500. A variety of service providers agreed to take payment in the form of subscriptions to the Company's private placement of common share units and others required a prepayment in cash for services. As a result, much of the marketing and communication expense of $274,765 is amortization of prepaids. In addition, Stock based compensation of $146,272 and amortization of intangible assets of $67,255 are non-cash.

There were no financings completed during the quarter. The Company had previously announced subscription agreements signed for $2,970,000 in common stock unit financing that has not been closed as of the date of this MD&A. One investor exercised warrants during the quarter for cash proceeds of $19,277.

RESULTS OF OPERATIONS (for the quarter ended September 30, 2020)

No revenue was recorded by KABN for the quarter ended September 30, 2020. Management has focused its recent activities on enhancing further elements of its technical platform, and its product features to build revenue generating partnerships. Specifically, the KABN KASH program is commercially ready and after the quarter end entered into a specific partnership agreement. It is expected further commercial arrangements will be made in the fourth quarter. Revenues of $12,594 in the previous quarter ended September 30, 2019 had been for early adopting customers of the ID platform for implementation/development fees.

KABN incurred legal fees and audit fees of $36,131 during the quarter ended September 30, 2020. These expenses relate to ongoing operations and reporting matters for the Company. $217,630 in legal and audit fees were incurred during the quarter ended September 30, 2019. The Company commenced substantial activities towards its efforts to trade its securities on a public exchange initially pursued through an initial public offering route. This required substantial legal and audit related professional services.

KABN incurred marketing and communications expenses of $274,765 for the quarter ended September 30, 2020. A number of investor/public relations campaigns and business development activities were initiated around the time of the RTO with the majority being service arrangements over a period of time, resulting in a recording of a prepaid expense that gets amortized over the service period. Therefore the vast majority of the expense relates to this amortization. Marketing and communications expenses incurred during the quarter ended September 30, 2019 were $48,969 and relate to the initial efforts in conjunction with the initial public offering activities.

KABN incurred consulting fees of $73,775 from a number of consultants during the quarter ended September 30, 2020. The Company has engaged consultants to perform various functions for the Company. None of the current consultants have a long term commitment from the Company. During the quarter ended September 30, 2020, $16,000 was incurred for consulting work.

KABN incurred $7,685 for general and administrative expenses and $33,387 for web and infrastructure costs during the quarter ended September 30, 2020. These costs are from a variety of vendors and are characterized as overhead. During the quarter ended September 30, 2019 $6,222 was incurred for general and administrative expenses and $8,790 for web and infrastructure costs.

KABN incurred $219,193 for product development for the quarter ended September 30, 2020. Product development includes technical development as well as developing commercial features, benefits, their applications and any program fees. $150,000 of the costs were incurred through KABN Gibraltar, with $69,193 through direct vendors to the Company. During the quarter ended September 30, 2019 the Company incurred $10,000 in product development.

KABN incurred $277,500 during the quarter ended September 30, 2020 related to management and staff. Included in this are fees to KABN Gibraltar of $30,000 per month. There were no management and staff costs for the quarter ended September 30, 2019 as KABN and KABN Gibraltar had agreed to a nine-month period where no cash compensation would be provided for services rendered to the Company. In addition, the Company did not have any direct management and staff costs for the quarter ended September 30, 2019.

KABN incurred no interest expense during the quarter ended September 30, 2020. Interest during the quarter ended September 30, 2019 of $370 related to interest on a convertible debenture that ultimately was converted into an earlier subscription of common stock units that closed in the 3rd quarter of 2019.

KABN incurred $67,255 in amortization during the quarter ended September 30, 2020 related to intangible assets derived from its exclusive license. The license enables KABN to operate exclusively the KABN Card and KABN ID businesses for the North American region (Canada and the United States of America) utilizing technology and services provided by KABN Gibraltar KABN incurred $67,255 in amortization during the quarter ended September 30, 2019 as the Company records amortization on a straight-line basis.

During the quarter ended September 30, 2020 KABN recognized $146,727 in total stock-based compensation expense. $42,000 of stock-based compensation was recognized, with a corresponding amount recognized in contributed surplus in conjunction with a grant of 500,000 stock options at an exercise price of $0.15 with an 18 month term to expiry with immediate vesting terms. $104,727 of stock-based compensation was recognized in conjunction with a grant of stock options that occurred on June 1, 2020 prior to the finalization of the RTO. 4,350,000 stock options were granted at an exercise price of $0.15 per common share and carry vesting terms of 40% immediately 30% in six months from the date of grant and 30% in twelve months from the date of grant and have a two year contractual expiry from the date of grant. Stock based compensation is recognized on a graded vesting schedule as an operating expense with a corresponding amount recognized in contributed surplus. There is no comparable expense for the quarter ended September 30, 2019 as no stock options were issued.

Foreign exchange loss of $3,290 incurred during the quarter ended September 30, 2020 is related to the exchange fluctuation between the Canadian dollar and the United States dollar on US denominated payables. The Foreign exchange loss of $10,279 during the quarter ended September 30, 2019 related to the balance fluctuations on the fees payable to KABN Gibraltar on account of the exclusive license which was denominated in United States dollars.

OVERALL PERFORMANCE (for the nine-month period ended September 30, 2020)

KABN recognized a net loss of $3,676,176 for the nine-month period ended September 30, 2020 compared to a net loss of $442,009 for the period ended September 30, 2019. The operating company commenced operations on May 1, 2019 and had a partial period for the prior comparative period. The main expenses in the prior period were legal fees of $217,630, amortization of intangible assets of $100,882 and marketing and communications of $48,969. The Company was initially preparing for an initial public offering prior to being introduced to the RTO opportunity. Significant drivers of the September 30, 2020 nine month period net loss were the charge for the public company listing as a result of the RTO transaction of $951,504 and items that are not expected to recur on a quarterly basis to the same extent as the current period including Stock-based compensation for $361,816, and annual license fees of $140,940. With the close of additional financing the Company's operating activities could accelerate. Cost incurred include a ramp up of product development and launch activities of $252,511 and management and staff expenses of $457,500. A variety of service providers agreed to take payment in the form of subscriptions to the Company's private placement of common share units and others required a prepayment in cash for services. As a result much of the marketing and communication expense of $612,224 is amortization of prepaids.

KABN closed two tranches of its private placement of common share units on May 20th and June 1st prior to the finalization of the reverse takeover transaction. The Gross value of the combined private placement closings was $2,173,637. One investor exercised warrants during the period for cash proceeds of $19,277.

RESULTS OF OPERATIONS (for the nine-month period ended September 30, 2020)

$80 in revenue was recorded by KABN for the nine-month period ended September 30, 2020. Management has focused on completing its financing and the RTO transaction for the earlier part of the period, with a more recent focus on enhancing further elements of its technical platform, and its product features to build revenue generating partnerships. Specifically, the KABN KASH program is commercially ready and after the quarter end entered into a specific partnership agreement. It is expected further commercial arrangements will be made in the fourth quarter. Prior period revenues have been for early adopting customers of the ID platform for implementation/development fees. Revenue for the period ended September 30, 2019 was $15,277.

KABN incurred legal fees and audit fees of $319,308 during the nine-month period ended September 30, 2020. These expenses relate to activities leading towards completing the RTO as well as general corporate matters. $217,630 in legal and audit fees were incurred during the quarter ended September 30, 2019. The Company commenced substantial activities towards its efforts to trade its securities on a public exchange initially pursued through an initial public offering route. This required substantial legal and audit related professional services.

KABN incurred marketing and communications expenses of $612,224 for the nine-month period ended September 30, 2020. The Company commenced the investor and public relations and business development activities as the RTO transaction was in the process of being finalized in conjunction with anticipated financing. A number of campaigns were initiated, with the majority being service arrangements over a period of time, resulting in a recording of a prepaid expense that gets amortized over the service period. The vast majority of the marketing and communication expenses are amortization of these arrangements. Marketing and communications expenses incurred during the period ended September 30, 2019 were $48,969 and relate to the initial efforts in conjunction with the initial public offering activities.

KABN incurred consulting fees of $274,466 from a number of consultants for the nine-month period ended September 30, 2020. The Company has engaged consultants to perform various functions for the Company. None of the current consultants have a long-term commitment from the Company During the period ended September 30, 2019, $46,000 was incurred for consulting work.

KABN incurred $27,354 for general and administrative expenses and $43,597 for web and infrastructure costs during the nine-month period ended September 30, 2020. These costs are from a variety of vendors and are characterized as overhead. During the period ended September 30, 2019 $6,222 was incurred for general and administrative expenses and $11,603 for web and infrastructure costs.

KABN incurred $252,511 for product development for the nine-month period ended September 30, 2020. Product development includes technical development as well as developing commercial features, benefits, their applications and any program fees. $150,000 of the costs were incurred through KABN Gibraltar, with $102,511 through direct vendors to the Company. During the period ended September 30, 2019 the Company incurred $10,000 in product development.

KABN incurred $457,500 during the nine-month period ended September 30, 2020 related to management and staff. Of this amount KABN Gibraltar provided support services at a rate of $40,000 per month from February 15, 2020 to June 30, 2020 and $30,000 per month from July 1, 2020 to September 30, 2020. There were no management and staff costs for the period ended September 30, 2019 as KABN and KABN Gibraltar had agreed to a nine-month period where no cash compensation would be provided for services rendered to the Company. In addition, the Company did not have any direct management and staff costs for the period ended September 30, 2019.

KABN incurred $2,540 in interest expenses during the nine month period ended September 30, 2020 relating to the short-term loan originated in the first quarter of 2020 that was converted into a subscription of common share units as part of the private placement closed during the second quarter of 2020. A loan fee of $15,000 was incurred during second quarter and within the nine-month period ended September 30, 2020 related to this loan. Interest during the period ended September 30, 2019 of $703 related to interest on a convertible debenture that ultimately was converted into an earlier subscription of common stock units that closed in the 3rd quarter of 2019.

KABN incurred $140,940 (USD denominated $100,000 as of May 15, 2020) for the first annual fee on account of the license and usage of technology to KABN Gibraltar. This was recorded as an expense during the nine-month period ended September 30, 2020. During the period ended September 30, 2019 there was no expense on account of license fees other than amortization since the initial payment on the exclusive license fee was recorded as an intangible asset.

KABN incurred $201,765 in amortization during the nine-month period ended September 30, 2020 related to intangible assets derived from its exclusive license. The license enables KABN to operate exclusively the KABN Card and KABN ID businesses for the North American region (Canada and the United States of America) utilizing technology and services provided by KABN Gibraltar. The license was signed May 15, 2019 and $100,882 in amortization was recognized during the period ended September 30, 2019

In conjunction with the RTO listing being finalized, KABN recorded a public company charge of $951,504 during the nine-month period ended September 30, 2020. The charge relates to the purchase price allocation and under IFRS 2 is a share based payment in addition to the liabilities of Torino Power Solutions Inc. assumed as part of the RTO. The purchase price of the shares was $0.15 which is the same value as the most recent financing round by the Company and the most objective evidence of fair value. This was recorded on June 4, 2020 as a one-time charge and there was no comparable item during the period ended September 30, 2019.

During the nine-month period ended September 30, 2020 KABN recognized $361,816 in total stock-based compensation expense. $42,000 of stock-based compensation was recognized, with a corresponding amount recognized in contributed surplus in conjunction with a grant of 500,000 stock options issued in the third quarter at an exercise price of $0.15 with an 18 month term to expiry with immediate vesting terms. $319,816 of stock-based compensation was recognized in conjunction with a grant of stock options that occurred on June 1, 2020 prior to the finalization of the RTO. 4,350,000 stock options were granted at an exercise price of $0.15 per common share and carry vesting terms of 40% immediately 30% in six months from the date of grant and 30% in twelve months from the date of grant and have a two year contractual expiry from the date of grant. Stock based compensation is recognized on a graded vesting schedule as an operating expense with a corresponding amount recognized in contributed surplus. There is no comparable expense for the period ended September 30, 2019 as no stock options were issued.

Foreign exchange loss of $9,651 incurred during the nine-month period ended September 30, 2020 is related to the exchange fluctuation between the Canadian dollar and the United States dollar on US denominated payables. The Foreign exchange gain of $15,819 during the period ended September 30, 2019 related to the balance fluctuations on the fees payable to KABN Gibraltar on account of the exclusive license which is denominated in United States Dollars.

LIQUIDITY AND CAPITAL RESOURCES

KABN held Cash of $1,661 and had negative working capital of $314,477 as at September 30, 2020. The Company is an early state entity with little revenue while incurring costs to complete financing efforts, to complete the RTO and complete its critical marketing, business development and product development programs. As the Company completes additional financing efforts and commercially launches its programs, working capital is expected to improve.

KABN closed two tranches of its private placement of common share units on May 20th and June 1st prior to the finalization of the RTO. The Gross value of the combined private placement closings was $2,173,637. The Company's financing plans were substantially delayed based on the COVID-19 pandemic including the process to complete the RTO and the Company had not completed a significant financing since August 2019. Since that time the Company operated with minimal liquidity and expenses other than the accrued costs for the services to prepare for the RTO and support additional financing. The Company required substantial expedition of its marketing, business and product development plan due to the financing delays. The Company was able to procure certain service agreements through issuance of shares for services though other service providers required cash settlement. The service providers often require payment up front for their service periods which range from four to twelve months. These include procurement for critical marketing, investor and public relations and business development activities.

There was a larger than anticipated cash requirement as part of the activities to support the RTO and the marketing, public relations and business development efforts noted above due to the prepaid requirement. The cash flow for these areas was incurred upfront and the cash usage the Company intends for these areas has not been incurred in Q3 and not expected in the near term. Upon additional financing, expenditures are likely to be focused on specific revenue generation/customer acquisition, finalizing product development/commercial launch activities and derivative technology development.

KABN's outstanding warrants have accelerated exercise clauses at $0.25 and $0.30 per share if the common shares trade above these price levels for twenty consecutive days using a daily Volume weighted average pricing calculation. While there are no assurances the Company can provide that the common shares will increase in value, if these thresholds are met the exercise of warrants represent additional cash inflows for the Company. The Company received $19,277 in proceeds from the exercise of warrants in the 3rd quarter. The Company is also looking at a number of financing opportunities provided they are in the best interest of shareholders.

On August 18, 2020, the Company received and accepted irrevocable subscriptions from a group of arm's-length U.S. family office and foreign investors, for a total of 9 million common share units ("Units") for gross proceeds of $2,970,000. This financing has not closed as of the date of this MD&A.

Each Unit is priced at $0.33 per Unit. Each Unit consists of one common share of the Company ("Common Shares") and ½ Common Share purchase warrant ("Warrants"), with each whole Warrant entitling the holder to purchase one Common Share for $0.37 per share for 24 months from closing of the transaction. No fees were paid in association with the financing. In accordance with applicable securities rules and regulations, the Common Shares and the Warrants comprised in the Units, and the Common Shares issuable on exercise of the Warrants, will be subject to hold periods ranging from 4 months to 1 year, with the majority of the offering subject to a 1 year hold, restricting shares and warrants from transfer or trading except as permitted by law.

On November 11, 2020, the Company has engaged Mackie Research Capital Corporation as a financial and capital markets advisor. The service agreement includes providing advice and assistance in connection with defining strategic and financial objectives, making initial contacts with potential institutional and strategic investors, maintaining a regular dialogue with the Company in regards to corporate development, strategic growth objectives as well as general market sentiment, assist in maintaining an orderly and liquid market in the Company's shares and increasing market awareness of the Company.

The Company has agreed to retain Mackie as its Canadian financial advisor for a term of twelve (12) months ending November 10, 2021, and the arrangement may be extended by mutual agreement. As part of the compensation for its services, Mackie will receive a monthly fee of $6,500 for its trading advisory services for a minimum of six months with extension by mutual agreement and a financial advisory fee of $75,000 payable in common shares in the capital of the Company at a deemed price equal to $0.15 per common share. In addition, The Company will grant 1,500,000 common share purchase warrants (the "Broker Warrants") to Mackie Research. Each Broker Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.20 at any time up to 24 months following the date of issuance. The issuance including, but not limited to, the price of the common shares and warrants is subject to the rules of the Canadian Securities Exchange and remains subject to applicable regulatory approvals.

The Company anticipates a near-term private placement of between $1-2 million CAD resulting from the efforts of Mackie.

The proceeds of the Mackie financing and the U.S. family office financing will provide working capital to further accelerate the Company's development, customer acquisition and business platform consisting of Liquid Avatar, KABN ID, KABN KASH and KABN's Visa Card program.

While the potential financing will assist substantially in the Company achieving its commercialization plans, KABN's future capital requirements will depend upon many factors. KABN, depending on its resource requirements may have to rely upon the sale of equity securities for cash required to expand its operations, and to fund the administration of KABN. There is no assurance that future financing, whether debt or equity, will be available to KABN in the amount required by KABN at any particular time or for any period and that such financing can be obtained on terms satisfactory to KABN.

During the nine-month period ended September 30, 2020, the Company has incurred a net loss of $3,676,096 resulting in a deficit of $4,289,524 and has cash of $1,661. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures.

Operating Activities

The Company used net cash of $1,574,049 in operating activities during the nine-month period ended September 30, 2020 and $325,850 during the period ended September 30, 2019.

Financing Activities

The Company received net cash of $1,521,460 in financing activities during the nine-month period ended September 30, 2020 and $1,038,703 in net cash from financing activities during the period ended September 30, 2019.

Investing Activities

The Company used net cash of $nil in investing activities during the nine-month period ended September 30, 2020 and $512,496 during the period ending September 30, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include its key management personnel, and companies related by way of directors or shareholders in common.

During the nine-month period ended September 30, 2020, the initial license fee of $1,345,100 (US$ 1,000,000) recorded as an intangible asset has been paid in full to KABN Gibraltar.

On the first anniversary of the license agreement of May 15, 2020, $100,000 USD was due and paid to KABN Gibraltar, and for each anniversary thereafter, an annual license fee of $250,000 USD will be due to KABN Gibraltar. Royalties of 14% of gross margins of the Company are payable to KABN Gibraltar calculated on annual calendar results.

There was no cash compensation paid to management by the Company for the period ended December 31, 2019. Management has been provided to the Company by its founding shareholder KABN Gibraltar for a maximum period of nine months from May 15, 2019 with an option to extend this deadline by mutual agreement.

On February 15, 2020, the maximum period of no cash compensation paid to management of nine months had expired. KABN Gibraltar agreed to provide management services on an interim basis at the rate of $40,000 per month from the date of expiry to the date of finalization of the RTO transaction.

For the nine month period ending September 30, 2020, 270,000 has been billed by KABN Gibraltar for management services of which $269,184 has been paid as at September 30, 2020 and $816 was outstanding. KABN Gibraltar has continued to provide certain management and support services to the Company during the third quarter.

For the three and nine month period ended September 30, 2020, product and technical development and operational services were incurred by KABN Gibraltar for the benefit of the Company in the amount of $150,000, all of which is payable as at September 30, 2020.

During the Company's second quarter $6,350 that was due from Pegasus Fintech Canada Inc., an affiliate controlled by a key management personnel of the Company, was repaid by the Company.

SUBSEQUENT EVENTS

On November 11, 2020 the Company has engaged Mackie Research Capital Corporation ("Mackie") as a financial and capital markets advisor to the Company. The service agreement includes providing advice and assistance in connection with defining strategic and financial objectives, making initial contacts with potential institutional and strategic investors, maintaining a regular dialogue with the Company in regards to corporate development, strategic growth objectives as well as general market sentiment, assist in maintaining an orderly and liquid market in the Company's shares and increasing market awareness of the Company.

The Company has agreed to retain Mackie as its Canadian financial advisor for a term of twelve (12) months ending November 10, 2021, and the arrangement may be extended by mutual agreement. As part of the compensation for its services, Mackie will receive a monthly fee of $6,500 for its trading advisory services for a minimum of six months with extension by mutual agreement and a financial advisory fee of $75,000 payable in common shares in the capital of the Company at a deemed price equal to $0.15 per common share. In addition, The Company will grant 1,500,000 common share purchase warrants (the "Broker Warrants") to Mackie Research. Each Broker Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.20 at any time up to 24 months following the date of issuance. The issuance including, but not limited to, the price of the common shares and warrants is subject to the rules of the Canadian Securities Exchange and remains subject to applicable regulatory approvals.

The financing previously announced on August 18, 2020 has not yet closed. The Company received and accepted irrevocable subscriptions from a group of arm's-length U.S. family office and foreign investors, for a total of 9 million common share units ("Units") for gross proceeds of $2,970,000.

Per the subscription documents, each Unit is priced at $0.33 per Unit. Each Unit consists of one common share of the Company ("Common Shares") and ½ Common Share purchase warrant ("Warrants"), with each whole Warrant entitling the holder to purchase one Common Share for $0.37 per share for 24 months from closing of the transaction. No fees were paid in association with the financing. In accordance with applicable securities rules and regulations, the Common Shares and the Warrants comprised in the Units, and the Common Shares issuable on exercise of the Warrants, will be subject to hold periods ranging from 4 months to 1 year, with the majority of the offering subject to a 1 year hold, restricting shares and warrants from transfer or trading except as permitted by law.

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

KABN's financial instruments consist of HST receivable, payables to KABN Gibraltar, accounts payables and accrued liabilities. Unless otherwise noted, it is management's opinion that KABN is not exposed to significant interest, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise stated.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

A breakdown of all material components of expenses of KABN is set forth in the interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2020.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company has 66,589,741 common shares issued and outstanding.

Share Purchase Warrants

KABN has 6,265,000 outstanding KABN 2019 Warrants exercisable at a price of $0.15 per share for a period expiring between January 31, 2021 and June 10, 2021. KABN has 7,406,543 outstanding KABN 2020 Warrants exercisable at a price of $0.20 per share for a period expiring between November 21, 2021 and December 1, 2021. KABN has 1,500,000 warrants outstanding to Mackie exercisable at a price of $0.20 per share expiring November 11, 2022.

Stock Options

KABN has 4,350,000 KABN options outstanding at a price of $0.15 per share expiring on May 31, 2022. KABN has 500,000 KABN options outstanding at a price of $0.15 per share expiring December 28, 2021. KABN has 645,000 KABN options outstanding at a price of $0.15 per share expiring October 20, 2022.

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 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.

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract and retain the experienced management and know-how to develop and commercialize its programs Successfully commercializing the current programs and gaining critical mass of client adoption may take several years and significant financial resources and the Company cannot assure that it can achieve these objectives.

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, 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.

Reliance on KABN Gibraltar license of Technology

The KABN Platform is built upon the KABN IP and in particular KABN ID. The Company's business will be entirely dependent on the availability to it of the KABN IP and the right to use it to operate the KABN Platform. A loss of, or restriction on using, any material part of the KABN IP, would significantly impact the operations of KABN, including its ability to offer services to current and future KABN Clients and KABN Identity Managed Customers, which could have a material and adverse impact on KABN's revenues, results of operations, cash flows and prospects.

Reliance on Card Networks and related financial services providers

The KABN License includes the ability to offer the KABN Prepaid Card within Canada and the United States of America subject to approvals by Card Networks and issuing banks. Card Networks and issuing banks could exclude the Company from their approval which would require the Company to seek approval from an alternative Card Network and/or issuing bank, which could delay or eliminate the Company's ability to issue a digital currency-linked card in Canada and/or the United States of America, as Card Networks provide program approvals regionally.

Although KABN Gibraltar has been conditionally approved to run a digital currency-linked network branded prepaid card program in the United Kingdom and Europe, and the Company has been conditionally approved to run a similar prepaid card program in Canada, there is no guarantee that a similar program will be approved in the United States of America.

Once approved, Card Networks and issuing banks could create new governance/franchise rules which could negatively impact the Company's card products which could require the Company to seek approval from an alternative Card Network which could suspend the Company's ability to issue a digital currency linked card for an unknown period of time.

Financial and related services risks

The Company's financial and related services, which will include card partners, Card Networks and issuing banks in Canada and the United States of America, could change their position and/or rescind approved program status which would require the Company to seek approval from an alternative issuing bank which could delay or eliminate the Company's ability to issue or continue to issue the KABN Prepaid Card.

The Company's card program, Card Network and issuing banks(s) could implement new rules and/or fees that impact revenues for the KABN Prepaid Card, which could material and adverse impact on the Company's revenues, results of operations, cash flows and prospects.

The Company will be reliant on Card Networks and issuing banks to conduct its business, particularly to provide functionality for the KABN Prepaid Card. There is a risk that one or more of these issuing banks may cease to deal with the Company (which may occur on short notice), cease to deal with international payments services generally, substantially reduce the services it offers, substantially alter the terms on which it is willing to offer services to the Company, or exit one or more of the markets for which the Company uses its services.

The KABN Platform may not gain the level of market acceptance needed to make the Company profitable or achieve its growth objectives

The Company could experience difficulty in securing KABN Clients within Canada and the United States of America, which would also reduce the number of KABN Identity Managed Customers on the KABN Platform. This would slow the Company's revenue growth and path to positive cash flow and profitability, and materially and adversely impact the Company's prospects, which could negatively impact market value of the Company Shares.

Even if the Company secures a significant level of KABN Clients and KABN Identity Managed Customers within Canada and the US, the KABN Prepaid Card could experience low adoption by end users or relatively low spend volume which could negatively impact related fees from the card and from KABN KASH and thus have a material and adverse impact on the Company's revenues, cash flows, profitability and financial position.

While the Company has a budget for marketing and communications to help support its efforts to gain market acceptance, secure new KABN Clients and promote revenue programs, such funds may not be sufficient to achieve the Company's revenue goals. If additional funds are required for marketing and communication, the Company may need to allocate funds from other uses, or raise additional capital, which could result in dilution to holders of the Company Share, additional interest expense or both.

The Company could experience a limitation or stagnation in the ability to acquire cardholders in Canada and the United States of America which could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The Company's card partners, Card Network and/or issuing banks could introduce new fees or assessments which could negatively impact the value proposition of KABN Card.

The KABN Platform will be subject to competing service offering, including new technologies

Alternative Card Network, banking or payment solutions could be introduced to the Canadian and American markets which could compete or outsell the Company's offerings and suite of services. Additionally, unknown new programs for the movement of funds, alternative banking and payment solutions may be introduced in the future that may have an impact on the Company's ability to compete in the marketplace.

The Company believes that the KABN Platform provides a unique market proposition in providing identity verification that is portable, secure and cost effective. Notwithstanding this, the industry in which the Company will operate is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than the Company. Numerous entities around the world may compete with the Company's efforts to commercialize, develop and expand products and services. Competitors may develop products in advance of the Company, products that are more effective than those developed by the Company, or that have or gain greater market acceptance. As a consequence, the Company's current and future technologies and products may become obsolete or uncompetitive, resulting in a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The identity verification and financial and related solutions markets are highly competitive and the Company's offering competes with other financial related services businesses, including other businesses focused on identity verification and management. Many existing providers either compete directly with the Company or provide services that are potential substitutes. The Company's major existing competitors will include identity verification companies, banks, money transfer organizations and other international payments specialists. New competitors, services and business models that will compete with the Company are likely to arise in the future. Many of these existing and potential competitors have or may have substantially more resources than the Company and have or may have product and service solutions that are more attractive to clients and customers.

There is a risk that an existing or future competitor:

- allocates significantly more resources to competing in the Company's markets, including resources devoted to marketing, developing technology and/or client service;
- develops a lower cost or more effective business model, for example by developing or acquiring a more sophisticated technology platform or service delivery method;
- responds to changes to regulations, new technologies or changes in client requirements faster and more effectively than the Company; or
- develops new services that compete more directly with the Company than their current services.

A substantial increase in competition for any of these reasons could result in the Company's services becoming less attractive to existing and potential KABN Clients and Customers, requiring the Company to increase its marketing or capital expenditure, lower prices or fees, or alter other aspects of its business model in order to remain competitive, any of which could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

There are significant regulatory and legislative risks

KABN ID assists KABN Clients with their AML and KYC compliance obligations in relation to their customers. Future legislative changes to AML, KYC or other similar requirements, may result in KABN ID not being as effective or losing its competitive advantage, and it may therefore become less attractive to current and prospective KABN Clients, which may have a significant effect on the business, operations and prospects of the Company. If KABN Clients change providers, the growth in the number of new KABN Identity Managed Customers will slow, impacting revenues across all aspect of the Company's business.

The international financial and related services market is a highly regulated area of economic activity around the world. Regulations applicable to those providing services and earning revenues in the market for international financial and related services include regulation relating to money laundering and financing of terrorism, sanctions laws and other regulations. There is a risk that the Company may fail to comply with these laws or government regulations. Any breach of law by the Company could have significant consequences for the Company.
The further development, acceptance and use of digital currencies is subject to a variety of factors that are difficult to evaluate.

The growth of the Neo Bank and identify verification industries in general, and the use of digital currencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect the Company's services related to digital currencies-to-fiat link via the KABN Prepaid Card or KABN Mobile Banking Wallet. The factors affecting the further development of these industries and digital currencies, include, but are not limited to:

- Continued worldwide growth in the adoption and use of digital currencies;
- Governmental and quasi-governmental regulation of digital currencies and their use;
- Restrictions on or regulation of access to and operation of the network or similar digital currency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception digital currencies generally.

Data and privacy breaches can significantly harm the Company

The majority of the Company's transactions will be conducted over the Internet and will therefore be subject to an element of risk. The Company's information technology infrastructure is designed to be secure, but is not immune to outside rogue elements, including computer viruses, computer hackers, and organized activities among groups of persons designed to breach the Company's security systems.

Privacy breaches may expose the Company to additional liability and result in the loss of clients and customers, or an inability to conduct business. Any inability on the Company's part to protect the privacy in the Company's electronic transactions or systems could have a material effect on future revenue, financial conditions and profitability. A privacy breach could: expose the Company to additional liability under the privacy legislation of different jurisdictions, which could result in fines, additional compliance costs, or significant costs to remedy the breach and strengthen security; result in a customer or user's personal and/or financial information falling into the hands of criminal elements, exposing the Company to lawsuits, loss of revenue and reputations risks; and deter potential clients and customers from using the KABN IP or KABN Platform.

Failure to manage growth

The Company's failure to manage its growth successfully may adversely impact its operating results. The Company's ability to manage growth will require it to continue to build its operational, financial and management controls, contracting relationships, marketing and business development plans and controls and reporting systems and procedures. The Company's ability to deal with growth may have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The Company's business is based on software and information systems and is exposed to the risks associated with such technologies

While KABN ID software was developed internally by KABN Gibraltar, such software may be subject to external factors, such as deprecation of operating systems, libraries, components, third party interfaces, drivers, patches, or other related issues. In addition, software requires regular updating and maintenance to keep it operating efficiently, continually and robustly. If updates and maintenance are not carried out regularly or are carried out negligently, the software may be subject to operational outages, slowdowns or errors. In addition, these external factors may affect the ability of KABN Gibraltar to effectively upgrade and maintain this software. The market in which the Company will operate is continually evolving, which can often lead to product and software obsolescence. If the Company does not successfully adapt to changes in the market and technology, its business and results may adversely be affected.

In addition, services based on sophisticated software and computing systems often encounter development and upgrade delays, and the underlying software may contain undetected errors or failures when introduced or when the volume of services provided increases. The Company may experience delays in the ongoing development of the software and computing systems underlying their services. In addition, despite testing, it is possible that the software may contain errors, and this could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The Company depends on the performance, reliability and availability of KABN Gibraltar's proprietary technology platform. There is a risk that these systems may be adversely affected by a number of factors including damage, equipment faults, power failure or natural disasters. Events of that nature may cause part or all of the KABN Gibraltar's technology platform or website to become unavailable. This in turn could reduce the Company's ability to generate income, impact client service levels and cause damage to the Company's reputation and, potentially, have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.
There is also a risk that potential faults in the KABN Gibraltar's technology platform could cause transaction errors that could result in legal exposure from KABN Clients, potentially leading to a loss of KABN Customers and other business partners, damage to the Company's reputation or even cause a breach of certain regulatory requirements (including those affecting any required license) and could, in turn, have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

Dependency on the Internet and/or Cloud based services

The Company will rely on the availability of its website(s) and related cloud services provided by or through KABN Gibraltar to provide KABN Clients and KABN Customers (both current and prospective) access to the KABN Platform. The Company will depend on the continued acceptance of the Internet and/or cloud as a communications and commerce platform for individuals and enterprises. The Internet and/or cloud could become less viable as a business tool due to delays in development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of service. Hackers or Internet service provider outages could render one or more of KABN's website(s) and/or technology related services unavailable. If for any reason the Internet and/or cloud does not remain a widespread communications medium and commercial platform, or the Company's websites and/or technology related services are unavailable for an extended period, the demand for KABN Platform and the Company's services would be significantly reduced, which would have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

Customer service and reputational risk

The reputation of the Company, along with the KABN Platform, is important in attracting new and retaining existing KABN Clients and KABN Identity Managed Customers. Reputational damage could arise due to a number of circumstances, including errors or defects, data or privacy breaches, inadequate services or unsatisfactory client outcomes. Negative publicity could adversely impact the reputation of the Company, along with the KABN Platform, which may potentially result in a fall in the number of persons seeking the products and services of the Company.

Fraud

Combatting fraud is a significant challenge in the online identity, financial and related services industry because transactions are conducted between parties who are not physically present, which in turn creates opportunities for misrepresentation and abuse.

Companies in this sector are especially vulnerable because of the convenience and immediacy of verifying and validating identity and movement of funds, both digital currencies and fiat, from one account to another and subsequently withdrawing them. The Company's partners that facilitate identity, financial and other services over the Internet makes dealing with the risk of fraud a cost of doing business.

The Company will face significant risks of lost revenues due to fraud and disputes between parties. If the Company is unable to deal effectively with losses from fraudulent transactions the Company's business would be harmed.

Examples of such risks include:

- unauthorized use of personal information and undetected identity theft;
- client fraud;
- breaches of system security;
- employee fraud; and
- unauthorized use of the KABN Platform or the KABN Prepaid Card or KABN Mobile Banking Wallet.

The Company's operations in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, terrorist attacks, computer viruses, telecommunications failure, power loss, subversive activities or sabotage, fires, earthquakes, floods, explosions or other catastrophes, epidemics or quarantine restrictions. For example, a system outage or data loss resulting from such an event could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

Conflicts of Interest

Certain 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 certain 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 launch commercialized programs driving future revenue. 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 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 Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

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

Active Trading Market

Currently the volume of trading in the public market for the Securities of the Company is limited, and there can be no assurance than an active market for the Securities will develop or be sustained at any time. If an active public market for the Company'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

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 and early stage business 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 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 and the website addresses listed in the "Description of Business" section.

BOARD APPROVAL

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