FIRST RESPONDER TECHNOLOGIES INC.

Management's Discussion and Analysis
For the nine months ended March 31, 2020

Prepared as of May 15, 2020

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The following management's discussion and analysis ("MD&A") has been prepared by Management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited annual financial statements for the year ended June 30, 2019 and the unaudited condensed interim financial statements for the nine months ended March 31, 2020 and notes thereto of First Responder Technologies Inc. ("First Responder" or the "Company"). The information provided herein supplements but does not form part of the financial statements. This discussion covers the nine months ended March 31, 2020 and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company's audited annual financial statements for the year ended June 30, 2019 and unaudited condensed interim financial statements for the nine months ended March 31, 2020, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand First Responder, its operations, financial performance, current and future business environment and opportunities and risks facing the Company.

Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Readers are also advised to consider such forward-looking statements in light of the risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments as described in Appendix 2.

Description of Business and Overview

First Responder was incorporated under the *BC Business Corporations Act* on January 27, 2017. The Company has not commenced commercial operations. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

General Development of the Business

On January 14, 2020 (the "Completion Date") the Company completed its initial public offering ("IPO") with the Canadian Securities Exchange ("CSE") of 13,974,186 units ("Unit") issued at a price of $0.35 per Unit. The IPO generated aggregate gross proceeds of $4,890,965.

Each Unit is comprised of one common share of the Company (each a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Warrant"). Each Warrant is exercisable into one Common Share at a price of $0.50 per Common Share for a period of twenty-four months from the Completion Date.

The Company is a technology development company that commercializes academic and internally developed intellectual property for the purpose of developing new products for use in the public safety market.

The principal business of the Company is the development of detection products and services based on WiFi-based detection technology first developed at, and licensed from Rutgers, The State University of New Jersey ("Rutgers") that can be used to detect dangerous concealed weapons (the "Principal Line of Business"). In the Company's view, WiFi-based threat detection technology may be utilized by a wide range of industries to not only make their premises secure but also reduce their cost of security detection. In addition to continued research and development carried on by Rutgers, the Company maintains ongoing research and development and product development efforts through its in-house and outsourced development teams, which are developing novel intellectual property and new applications involving artificial intelligence, to increase the functionality and expand the addressable market of the initial Rutgers innovation.

The Company will in part be relying on a patent application which forms the basis of the Rutgers Technology, and has filed and anticipates filling additional patent protection in the future in the ordinary course of business for its Principal Line of Business.

During the period ending March 31, 2020, the Company made the strategic decision to defer further development of its "Response" line of business, which involved the commercializing a short acting pepper spray and antidote being developed from a technology licensed from the National Institutes of Health ("NIH"). The NIH license is in the process of being terminated. The Company may in the future develop its own unique formulation should it wish to re-enter the "Response" line of business.

Business Objectives and Milestones

The Company maintains the following business objectives for its Principal Line of Business:

1. to develop a prototype for its Principal Line of Business, and to begin alpha testing the prototype with first responders at the local, state/provincial and federal levels; systems integrators and wholesalers; and telecommunications partners, within seven months after completion of the Company's IPO;
2. to develop and release a version alpha minimum viable product of its WiFi-based detection products and services ("MVP") and recognize the Company's first revenue within 12 months after completion of the IPO;
3. to develop and release a beta version of its WiFi-based detection products and services, which can be deployed on a small scale, and begin generating both antenna and service revenue within 18 months after completion of the IPO; and
4. to develop and release a version 1.0 of its WiFi-based detection products and services, which the Company expects will be the basis for a sustainable business model within 24 months after completion of the IPO.

Development of the MVP

The Company's primary use of proceeds from the IPO will be to accelerate its Principal Line of Business. On May 2, 2019, the Company entered into a professional services agreement with MistyWest Energy and Transport Ltd. ("Misty West"), a Vancouver, BC based high technology product development firm, pursuant to which MistyWest agreed to provide product development services to the Company for a period of approximately 22 weeks.

On October 17, 2019, the Company entered into a second work order agreement with MistyWest pursuant to which MistyWest agreed to provide product development services to the Company for a period of approximately 6 weeks.

Until Dec 12, 2019, a team of between three and four full time equivalent ("FTE") engineers were working to develop the Company's WiFi-based detection products and services, at MistyWest, led by Principal Scientist, Dr. Kevin Robbie, who holds a BSc degree in Engineering Physics, and a PhD degree in electrical and computer engineering, and formerly served as a professor at Queen's University in Kingston, ON. The FTEs on the Misty West team developing the Company's MVP, held advanced degrees in mathematics, physics and computer science.

In addition to development costs expended at MistyWest, the Company has engaged Rutgers University ("Rutgers") to complete further research and development for the Company's MVP pursuant to the terms of a sponsored research agreement, effective as of September 15, 2019 (the "Rutgers SRA"). The Company has also engaged Rutgers' Dr. Yingying (Jennifer) Chen and Temple University's Dr. Yan Wang, co-inventors of the Company's WiFi-based detection technology, and Dr. Steve Dipaola, an expert on artificial intelligence at Simon Fraser University in Surrey, BC to act as technology advisors. Each is called upon to solve specific engineering problems and tasks.

On November 26, 2019, the Company entered into a master services agreement with VVDN Technologies Pvt Ltd. ("VVDN"), a Gurgaon, India based product engineering and manufacturing firm, pursuant to which VVDN agreed to provide product engineering and manufacturing services to the Company as needed.

A team of ten full time equivalent ("FTE") engineers started working towards developing the Company's MVP at VVDN, led by a senior PhD engineer. The FTEs on the VVDN team developing the Company's MVP are senior engineers with qualifications and experience working on Wireless technologies, as well as Hardware and Mechanical Engineering.

VVDN team completed a POC replicating the research outlined in the Rutgers paper, demonstrating metal detection using Wi-Fi in a controlled lab environment and subsequently in a desktop version. This POC was demonstrated at a security conference in London in Dec 2019.

On November 25, 2019, the company entered into a master services agreement with Wavelabs Technologies, Inc. ("Wavelabs"), a Milpitas, California based provider of outsourced software development services, pursuant to which Wavelabs agreed to provide application development services to the Company as needed, including AI and machine learning applications.

On December 9, 2019, the Company entered into a second Statement of Work under its Master Services Agreement with VVDN. This Statement of Work allows VVDN to continue to provide design and manufacturing services for the bollard POC and beyond.

On December 13, 2019, the Company entered into a third work order under its professional services agreement with MistyWest. On March 26, 2020, the Company entered into a fourth work order under its professional services agreement with MistyWest. These work orders are for MistyWest to continue to provide key product research and development assistance to the Company under Dr Kevin Robbie's leadership.

On February 24, 2020, the Company entered into a second Statement of Work under its Master Services Agreement with Wavelabs. This Statement of Work allows Wavelabs to continue to provide monitoring application development services to the Company.

On March 3-4, 2020, the Company demonstrated a bollard POC, developed with the assistance of and manufactured by VVDN, involving a walk-through set up of its WiFi-based weapons detection technology at the Security Policing 2020, a tradeshow sponsored by the UK Home Office, held in Farnborough, UK. Commercial expressions of interest resulted from the successful demonstration of the walk-through WiFi-based weapons detection POC which may result in the Company's first revenue prior to the close of 2020 and within the 12 month period projected by the Company following the IPO.

The delivery of the MVP version of the Company's WiFi-based threat detection technology is anticipated to be the Company's first, significant business deliverable, and the Company anticipates it is on track to deliver the MVP within the 12 month period projected by the Company following the IPO.

Market Development

In addition to product development, the Company is concurrently focused on market development to develop demand and create a market (which for the most part does not currently exist) for its WiFi-based threat detection technology. The Company's market development strategy consists mostly of public knowledge and education of the Company's WiFi-based threat detection technology through media spots, online campaigns and conferences and tradeshows.

Currently, the Company's primary outsourced marketing firm, Blink Ventures, based in Vancouver, BC, develops and manages the corporate website, creative design, corporate communications, video, industry trade show and event management, and customer relationship management. Blink Ventures has assigned approximately three to four FTE's to the Company's business and provides the Company with those functions normally provided by an in-house Chief Marketing Officer, on an outsourced basis.

To create public awareness domestically, the Company placed ads with Postmedia, a Canadian media conglomerate with primary operations in newspaper publishing, news gathering and internet operations. The Company also ran a digital awareness campaign, purchasing advertising on Google, Facebook and other digital advertising services. Lastly, the Company participated in a trade show in Farnborough, UK in early March. Due to its postponement, resulting from the Covid-19 pandemic, the Company was unable to participate in the ISC West trade show scheduled for the end of March. Lastly, the Company engaged Primoris, a public relations firm, to generate earned media for the Company's products and services.

Stage of Development

The Company's Principal Line of Business, based on its WiFi-based threat detection technology, is currently in the research and development stage. While the Company has successfully demonstrated a POC of a walk-through version of its WiFi-based threat detection product and related services, there is no guarantee the Company will be able to develop further prototypes or deliver its MVP within the 12 months originally forecast following the IPO.

No market for the Company's Principal Line of Business may materialize, or the Company's research and development efforts may not be successful. A full-featured general WiFi-based threat detection product or service may thus not be scientifically or commercially viable. In such a scenario, the Company may require a pivot of the business.

Based on a number of factors, including the recent milestones achieved with the Company's WiFi technology, the Company has decided to delay the ongoing development of its pepper spray program and re-allocate funds to the advancement of its WiFi-based threat detection technology.

Summary of Business Objectives for the 12 Months Following the IPO

The Company anticipates expending funds in product development costs (for its Principal Line of Business) and on market development costs, for the next 12 months following the IPO in order to achieve the following Business Objectives and Milestones:

1. bring an alpha MVP WiFi-based threat detection product and related services to market within 12 months after completion of the IPO; and
2. generate the Company's first revenue from its Principal Line of Business.

If the Company is successful in meeting its business objectives and milestones in the 12 months following the completion of the IPO, the Company anticipates it will be well positioned to release a version 1.0 product and related services, and successfully capture its first significant, sustainable revenue for its Detection business in the 24 months following the completion of the IPO.

Trends

The recent outbreak of the coronavirus, or COVID-19, which has been declared by the World Health Organization to be a pandemic, has spread across the globe and is impacting worldwide economic activity. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company, the continued spread of COVID-19 and the measures taken by the governments of countries affected could delay the Company's research and development activities or disrupt the supply chain and the manufacture or shipment of product inventories and adversely impact the Company's business, financial condition or results of operations. The COVID-19 outbreak and mitigation measures may also have an adverse impact on global economic conditions, which could have an adverse effect on the Company's business and financial condition. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact. As of the date hereof, the outbreak has not had a material impact on the Company's results or its research and development activities. The Company has been following established business continuity plans since the outbreak began, and its management team has transitioned to working remotely. However, no such plan can eliminate the risks associated with events of this magnitude. Any failure to respond effectively or appropriately to such events could adversely affect the Company's operations, reputation and financial results.

Financial Results of Operations

Quarterly Financial Results

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

Quarter ended	Mar 31, 2020(4)	Dec 31, 2019	Sep 30, 2019(3)	Jun 30, 2019(2)	Mar 31, 2019(1)	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Cash	$2,603,045	$288,717	$1,859,219	$1,216,210	$1,129,726	348,641	$430,130	$440,565
Net loss	$5,319,701	$1,390,329	$961,213	$173,439	$195,795	$75,666	$76,051	$45,866
Shares outstanding	61,881,718	40,955,210	40,955,210	33,967,600	19,605,100	9,810,100	9,810,100	100
Loss per share	$0.12	$0.03	$0.03	$0.01	$0.01	$0.01	$0.01	$458

(1) The increase of shares outstanding to 19,605,100 for the quarter ended March 31, 2019, was mainly due to the issuance of 10,000,000 shares of the Company to Bullrun Capital for the NIH License Assignment Agreement. The increase of cash to $1,129,726 for the quarter ended March 31, 2019 was mainly due to subscriptions received in anticipation of private placements completed in April, May and August 2019.

(2) The increase of shares outstanding to 33,967,600 for the quarter ended June 30, 2019, was mainly due to the issuance of 10,675,000 shares of the Company to Bullrun Capital for the Rutgers License Assignment Agreement.

(3) The increase of shares outstanding to 40,955,210 and cash to $1,859,219 for the quarter ended September 30, 2019, was mainly due to the issuance of 6,977,610 shares from the Company's private placement completed on August 9, 2019. The net loss of $961,213 for the quarter ended September 30, 2019, was mainly due to advertising and promotion expenses, advisory fees, amortization, investor relations expense, management fees, regulatory filing fees, research and development costs, share based compensation and travel.

(4) The increase of cash to $2,603,045 for the quarter ended March 31, 2020, was mainly due to the completion of the Company's IPO on January 14, 2020. The increase of shares outstanding to 61,881,718 was due to the issuance of 13,974,186 shares from the Company's IPO and the issuance of 6,952,322 common shares on February 6, 2020 to Rutgers as per terms of the Rutgers License Assignment Agreement (see note 5 in the Company's unaudited condensed interim financial statements for the nine months ended March 31, 2020). The net loss of $961,213 for the quarter ended September 30, 2019, was mainly due to advertising and promotion expenses, advisory fees, amortization, investor relations expense, management fees, professional fees, regulatory filing fees, research and development costs, share based compensation, transfer agent and filing fees, travel and impairment of the NIH License Assignment Agreement.

Results of Operations

Three months ended March 31, 2020 and 2019

The Company incurred a net loss of $2,968,159 for the three months ended March 31, 2020 compared to a net of loss of $695,795 for the comparable period in 2019. The loss in 2020 can be attributed mainly to advertising and promotion expenses, advisory fees, amortization and depreciation, investor relations expense, legal fees, management fees, patents and licensing expenses, professional fees, research and development costs, share based compensation expense, transfer agent and filing fees, travel and impairment of the NIH License Assignment agreement.

For the three months ended March 31, 2020, the Company incurred advertising and promotion expenses of $336,530 compared to $54,000 for the comparable period in 2019. Expenses in 2020 were mostly due to costs associated with developing a market for the Company's products and services.

For the three months ended March 31, 2020, the Company incurred advisory fees of $69,734 compared to $8,000 for the comparable period in 2019. Expenses in 2020 were associated with the addition of advisors to assist in the strategic development of the Company.

For the three months ended March 31, 2020, the Company incurred amortization and depreciation expense of $311,830 compared to $nil for the comparable period in 2019. Expenses in 2020 were associated with amortization of the Rutgers and NIH license agreements that were available for use in fiscal year 2020 and late fiscal year 2019 respectively.

For the three months ended March 31, 2020, the Company incurred investor relations expenses of $350,136 compared to $nil for the comparable period in 2019. Expenses in 2020 were associated with increased investor related activities related to existing and potential investment in the Company.

For the three months ended March 31, 2020, the Company incurred legal fees of $193,142 compared to $11,102 for the comparable period in 2019. Expenses incurred in 2020 were associated mainly with the Company's IPO and general corporate matters related to public companies.

For the three months ended March 31, 2020, the Company incurred patents and licensing expenses of $nil compared to $503,521 for the comparable period in 2019. Expenses incurred in 2019 were mostly due to legal fees associated with pending and possible patents and licensing related to the Company's research and development of its products and services. Similar activities and costs did not occur in 2020.

For the three months ended March 31, 2020, the Company incurred management fees of $108,000 compared to $51,999 for the comparable period in 2019. Expenses incurred in 2020 were associated mainly with the addition of key management to carry out the strategic objectives of the Company.

For the three months ended March 31, 2020, the Company incurred office and general expenses of $26,655 compared to $241 for the comparable period in 2019. Expenses incurred in 2020 were mostly due to costs associated with increased office and general activity related to starting up a company and commencing operations.

For the three months ended March 31, 2020, the Company incurred professional fees of $160,669 compared to $16,720 for the comparable period in 2019. Expenses incurred in 2020 were mostly due to costs associated with exploring additional public company listings and issues related to corporate governance.

For the three months ended March 31, 2020, the Company incurred research and development costs of $215,598 compared to $48,212 for the comparable period in 2019. Expenses incurred in 2020 were for costs associated with initial research and development of the Company's pepper spray and detection products and services of which approximately 99% was spent on detection products and services.

For the three months ended March 31, 2020, the Company incurred share based compensation expense of $582,493 compared to $nil for the comparable period in 2019. Expenses incurred in 2020 were associated with the vesting of options granted in 2020.

For the three months ended March 31, 2020, the Company incurred transfer agent and filing fees of $32,820 compared to $nil for the comparable period in 2019. Expenses incurred in 2020 were mainly due to costs related to the Company's public listing and going public.

For the three months ended March 31, 2020, the Company incurred travel expense of $62,899 compared to $nil for the comparable period in 2019. Expenses incurred in 2020 were associated with travel related to attending and presenting at various conferences and tradeshows.

For the three months ended March 31, 2020, the Company incurred an expense of $487,712 related to the impairment of the NIH License Assignment Agreement compared to $nil for the comparable period in 2019. During the three months ended March 31, 2020, the Company made the strategic decision to stop further development of its pepper spray formulation technology. The license associated with the NIH License Assignment Agreement is in the process of being terminated. The Company may in the future develop its own unique pepper spray formulation. As a result, the Company determined that the carrying amount of the NIH License Assignment Agreement exceeded its recoverable amount.

Nine months ended March 31, 2020 and 2019

The Company incurred a net loss of $5,319,701 for the nine months ended March 31, 2020 compared to a net of loss of $847,512 for the comparable period in 2019. The loss in 2020 can be attributed mainly to accounting and audit fees, advertising and promotion expenses, advisory fees, amortization and depreciation expense, investor relations expense, legal fees, management fees, office and general expenses, patents and licensing expenses, professional fees, research and development costs, share based compensation expense, transfer agent and filing fees, travel and impairment of the NIH License Assignment agreement.

For the nine months ended March 31, 2020, the Company incurred accounting and audit fees of $56,830 compared to $10,000 for the comparable period in 2019. Expenses in 2020 were mostly due to costs associated with the Company's annual audit, IPO related accounting issues and the addition of accounting staff.

For the nine months ended March 31, 2020, the Company incurred advertising and promotion expenses of $778,457 compared to $54,000 for the comparable period in 2019. Expenses in 2020 were mostly due to costs associated with developing a market for the Company's products and services.

For the nine months ended March 31, 2020, the Company incurred advisory fees of $165,456 compared to $8,000 for the comparable period in 2019. Expenses in 2020 were associated with the addition of advisors to assist in the strategic development of the Company.

For the nine months ended March 31, 2020, the Company incurred amortization and depreciation expense of $461,050 compared to $nil for the comparable period in 2019. Expenses in 2020 were associated with amortization of the Rutgers and NIH license agreements that were available for use in fiscal year 2020 and late fiscal year 2019 respectively.

For the nine months ended March 31, 2020, the Company incurred investor relations expenses of $524,206 compared to $nil for the comparable period in 2019. Expenses in 2020 were associated with increased investor related activity related to existing and potential investment in the Company.

For the nine months ended March 31, 2020, the Company incurred legal fees of $345,919 compared to $35,479 for the comparable period in 2019. Expenses incurred in 2020 were associated mainly with the Company's IPO and general corporate matters related to public companies.

For the nine months ended March 31, 2020, the Company incurred management fees of $329,000 compared to $167,997 for the comparable period in 2019. Expenses incurred in 2020 were associated mainly with the addition of key management to carry out the strategic objectives of the Company.

For the nine months ended March 31, 2020, the Company incurred office and general expenses of $46,341 compared to $633 for the comparable period in 2019. Expenses incurred in 2020 were mostly due to costs associated with increased office and general activity related to starting up a company and commencing operations.

For the nine months ended March 31, 2020, the Company incurred patents and licensing expenses of $16,762 compared to $504,471 for the comparable period in 2019. Expenses incurred in 2019 were mostly due to legal fees associated with pending and possible patents and licensing related to the Company's research and development of its products and services. Similar activities and costs did not occur in 2020.

For the nine months ended March 31, 2020, the Company incurred professional fees of $193,012 compared to $16,720 for the comparable period in 2019. Expenses incurred in 2020 were mostly due to costs associated with exploring additional public company listings and issues related to corporate governance.

For the nine months ended March 31, 2020, the Company incurred research and development costs of $1,000,672 compared to $48,212 for the comparable period in 2019. Expenses incurred in 2020 were for costs associated with initial research and development of the Company's pepper spray and detection products and services of which approximately 99% was spent on detection products and services.

For the nine months ended March 31, 2020, the Company incurred share based compensation expense of $647,746 compared to $nil for the comparable period in 2019. Expenses incurred in 2020 were associated with the vesting of options granted.

For the nine months ended March 31, 2020, the Company incurred transfer agent and filing fees of $47,989 compared to $nil for the comparable period in 2019. Expenses incurred in 2020 were mainly due to costs related to the Company's public listing and going public.

For the nine months ended March 31, 2020, the Company incurred travel expense of $181,422 compared to $nil for the comparable period in 2019. Expenses incurred in 2020 were associated with travel related to attending and presenting at various conferences and tradeshows.

For the nine months ended March 31, 2020, the Company incurred an expense of $487,712 related to the impairment of the NIH License Assignment Agreement compared to $nil for the comparable period in 2019. During the three months ended March 31, 2020, the Company made the strategic decision to stop further development of its pepper spray formulation technology. The license associated with the NIH License Assignment Agreement is in the process of being terminated. The Company may in the future develop its own unique pepper spray formulation. As a result, the Company determined that the carrying amount of the NIH License Assignment Agreement exceeded its recoverable amount.

Liquidity and Capital Resources

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At March 31, 2020 the Company had working capital[(1)] of $3,065,425 (June 30, 2019 –$814,186) which included cash of $2,603,045 (June 30, 2019 – $1,216,210) available to meet short-term business requirements and liabilities of $337,510 (June 30, 2019 – $625,093). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has no long term debt. Included in the Company's short-term business liabilities is an obligation to issue shares.

(1) Non-GAAP Financial Measure:
The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital is calculated as current assets (March 31, 2020 – $3,402,935; June 30, 2019 – $1,439,279), less current liabilities (March 31, 2020 – $337,510; June 30, 2019 – $625,093).

At present, the Company has no current operating income. Without additional future financing, the Company may not be able to fund its ongoing operations and complete future development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms.

At the time this MD&A was prepared the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of this MD&A, there may be further significantly adverse impacts on the Company's financial position and results of operations for future periods if the pandemic is not successfully contained or the effects of which are not mitigated.

The Company's need to raise sufficient working capital to maintain operations and the uncertainty surrounding COVID-19, casts significant doubt on the Company's ability to continue as a going concern.

<u>Nine months ended March 31, 2019</u>

On July 5, 2018, the Company completed the first tranche of a non-brokered private placement financing (the "July 2018 Private Placement") raising aggregate gross proceeds of $460,250 through the issuance of 9,205,000 common shares at $0.05 per share.

On July 24, 2018, the Company completed the second tranche of the July 2018 Private Placement raising aggregate gross proceeds of $30,250 through the issuance of 605,000 common shares at $0.05 per share. Associated with the July 2018 Private Placement, the Company incurred share issue costs of $23,075.

<u>Nine months ended March 31, 2020</u>

On August 9, 2019, the Company completed a non-brokered private placement of 6,977,610 units at a price of $0.35 per unit for gross proceeds of $2,442,164. Each unit consists of one common share and one half common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.50 per common share for a full warrant for two years from the date of issue.

On January 14, 2020 the Company completed its IPO with the Canadian Securities Exchange ("CSE") of 13,974,186 Units issued at a price of $0.35 per Unit. The IPO generated aggregate gross proceeds of $4,890,965.

At present, the Company has no current operating income. Without funding from additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain current and ongoing operations.

Outstanding Share Data

As at March 31, 2020 and the date of this MD&A, the Company has 61,881,718 common shares issued and outstanding, 11,593,829 warrants outstanding and 5,942,234 options outstanding.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related Parties

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the nine months ended March 31, 2020, the Company incurred management fees of $206,000 (2019 – $65,997) to the Company's key management personnel.

During the nine months ended March 31, 2020, the Company incurred research and development costs of $185,114 (2019 – $nil) to the Company's key management personnel.

During the nine months ended March 31, 2020, the Company incurred management fees of $139,500 (2019 – $102,000) and audit fees of $nil (2019 – $2,500) to companies owned directly or indirectly by key management personnel of the Company.

As at March 31, 2020, accounts payable and accrued liabilities includes $53,975 (June 30, 2019 – $3,500) payable to key management personnel and companies owned directly or indirectly by key management personnel.

Amounts due to related parties included in accounts payable and accrued liabilities are unsecured, non-interest-bearing and are without fixed terms of repayment.

Financial Instruments

The Company's financial instruments as at March 31, 2020 include cash and accounts payable and accrued liabilities.

The Company's financial assets and financial liabilities are classified and measured as follows:

Financial instrument	Category
Cash	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is not exposed to significant liquidity risk.

As at March 31, 2020, the Company had a cash balance of $2,603,045 (June 30, 2019 – $1,216,210) available to apply against short-term business requirements and current liabilities of $337,510 (June 30, 2019 – $625,093). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2020.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

Management's responsibility for financial statements

The information provided in this report, including the financial statements is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

May 15, 2020

On behalf of Management and the Board of Directors,

"Robert Delamar"
Chief Executive Officer and Director

APPENDIX 1

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information, as defined in securities laws. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements in this MD&A include all disclosure regarding possible events, conditions, circumstances or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this MD&A and can be identified by words such as "may", "estimates", "projects", "expects", "intends", "believes", "plans", "anticipates", "continue", "growing", "expanding", or their negatives or other comparable words. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. The risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments are many and include the matters described in Appendix 1. Consequently, all forward-looking statements in this report are qualified by this cautionary statement and the Company cannot assure investors that actual results, performance, achievements or developments that the Company anticipates will be realized. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

APPENDIX 2

Risks Relating to the Company's Business

Limited Operating History

The Company has a very limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company has experienced some changes in its operating plans and certain delays in its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of our Common Shares may significantly decrease.

Additional Financing

The Company has no source of operating cash flow to fund all of its operational needs and will require additional financing to continue its operations. There can be no assurance that such financing will be available at all or on favourable terms. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's deployment of its products, resulting in possible dilution. Any such financing will dilute the ownership interest of the Company's shareholders at the time of the financing, and may dilute the value of their investment.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

There is no assurance that the Company will turn a profit or generate immediate revenues.

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Negative Operating Cash Flow

Although we expect to become profitable, there is no guarantee that will happen, and we may never become profitable. The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. To date, the Company has not generated any revenues and a large portion of expenses are fixed, including expenses related to contractual commitments and personnel. As a result, the Company expects its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability, to manufacture and market its products. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, it cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, it may be unable to continue business.

Uncertainty of Use of Proceeds

Although the Company has set out its intended use of proceeds from its IPO, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Dependence on Management and Key Personnel

The Company is dependent on certain members of its management. The loss of the services of one or more of them could adversely affect the Company. The Company's ability to maintain its competitive position is dependent upon its ability to attract and retain highly qualified managerial, specialized technical, manufacturing, sales and marketing personnel. There can be no assurance that the Company will be able to continue to recruit and retain such personnel. The inability of the Company to recruit and retain such personnel would adversely affect the Company's operations and product development.

Dependence on Key Suppliers

The Company may be able to purchase certain key components of its products from a limited number of suppliers. Failure of a supplier to provide sufficient quantities on favorable terms or on a timely basis could result in possible lost sales.

Product Liability

The Company may be subject to proceedings or claims that may arise in the ordinary conduct of the business, which could include product and service warranty claims, which could be substantial. If its products fail to perform as warranted and it fails to quickly resolve product quality or performance issues in a timely manner, sales may be lost and it may be forced to pay damages. Any failure to meet customer requirements could materially affect its business, results of operations and financial condition. The occurrence of product defects and the inability to correct errors could result in the delay or loss of market acceptance of its products, material warranty expense, diversion of technological and other resources from its product development efforts, and the loss of credibility with customers, manufacturer's representatives, distributors, value added resellers, systems integrators, original equipment manufacturers and end-users, any of which could have a material adverse effect on the Company's business, operating results and financial conditions.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.

The Company utilizes third parties for certain hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

In certain circumstances, the Company's reputation could be damaged.

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Strategic Alliances

The Company relies upon, and expects to rely upon, strategic alliances with original equipment manufacturers for the manufacturing and distribution of its products. There can be no assurance that such strategic alliances can be achieved or will achieve their goals.

Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market any of its products, the Company must either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its

Management and key personnel, and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

Rapid Technological Development

The markets for the Company's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products or which render the products currently sold by the Company obsolete or less marketable.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources then currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Competition

The Company's industry is highly competitive and composed of many domestic and foreign companies. The Company has experienced and expects to continue to experience, substantial competition from numerous competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Regulation

The Company is subject to numerous federal, provincial, state and local environmental, health and safety legislation and measures relating to the manufacture of ammunition. There can be no assurance that the Company will not experience difficulties with its efforts to comply with applicable regulations as they change in the future or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on the Company's results of operations, business, prospects and financial condition. The Company's continued compliance with present and changing future laws could restrict the Company's ability to modify or expand its facilities or continue production and could require the Company to acquire costly equipment or to incur other significant expense.

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes. Although the Company considers certain of its product designs as well as manufacturing processes involving certain of its products to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

Infringement of Intellectual Property Rights
While the Company believes that its products and other intellectual property do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Company not infringing intellectual property rights of others. A number of the Company's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Company. Some of these patents may grant very broad protection to the owners of the patents. The Company has not undertaken a review to determine whether any existing third party patents or the issuance of any third party patents would require the Company to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets, the overlap in functionality of those products and the prevalence of products. The Company may become subject to these claims either directly or through indemnities against these claims that it provides to end-users, manufacturer's representatives, distributors, value added resellers, system integrators and original equipment manufacturers.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and focus away from the business, subject the Company to significant liabilities and equitable remedies, including injunctions, require the Company to enter into costly royalty or licensing agreements and require the Company to modify or stop using infringing technology.

The Company may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party. There can be no assurance that it will be able to obtain any such license on commercially favourable terms or at all. If it does not obtain such a license, it could be required to cease the sale of certain of its products.

System Failures or Delays in the Operation of the Company's Computer and Communications Systems May Harm its Business
The Company's ability to collect and report accurate data may be interrupted by a number of factors, including inability to access the Web, failure of the Company's network or software systems, computer viruses, security breaches or variability in user volume on customer Websites. A failure of network or data gathering procedures could impede the processing of data, cause the corruption or loss of data or prevent the timely delivery of products.

In the future, the Company may need to expand its network and systems at a more rapid pace than it has in the past. The Company's network or systems may not be capable of meeting the demand for increased capacity, or it may incur additional unanticipated expenses to accommodate these capacity demands. In addition, the Company may lose valuable data, be unable to obtain or provide data on a timely basis or its network may temporarily shut down if it fails to adequately expand or maintain its network capabilities to meet future requirements. Any lapse in the Company's ability to collect or transmit data may decrease the value of its products and prevent it from providing data requested by customers. Any disruption in the Company's network processing or loss of Web user data may damage its reputation and result in the loss of customers, business, and results of operations could be adversely affected.

Risk of Data Breaches
The Company's services involve the storage, analysis and transmission of customers' proprietary information, and security breaches could expose the Company to a risk of loss of this information, litigation and possible liability. While the Company has security measures in place, they may be breached as a result of third-party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise and result in someone obtaining unauthorized access to the Company's IT data, the Company's customers' data or the Company's data, including the Company's intellectual property and other confidential business information. Additionally, third parties may attempt to fraudulently

induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to the Company's customers' data, the Company's data or the Company's IT systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventative measures. Because the Company does not control the Company's customers or third-party technology providers, or the processing of such data by third-party technology providers, the Company cannot ensure the integrity or security of such transmissions or processing. Malicious third parties may also conduct attacks designed to temporarily deny customers access to the Company's services. Any security breach could result in a loss of confidence in the security of the Company's services, damage the Company's reputation, negatively impact the Company's future sales, disrupt the Company's business and lead to legal liability.

Interruptions or Delays in Services from the Company's Third-Party Data Center Hosting Facilities or Cloud Computing Platform Providers Could Impair the Delivery of the Company's Services and Harm the Company's Business

The Company currently serves customers from third-party data center hosting facilities and cloud computing platform providers. Any damage to, or failure of, the Company's systems generally could result in interruptions in the Company's services. The Company has from time to time experienced interruptions in the Company's services and such interruptions may occur in the future. Interruptions in the Company's services may reduce the Company's revenue, cause the Company's to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect the Company's attrition rates and the Company's ability to attract new customers, all of which would reduce the Company's revenue.

The Company's business would also be harmed if customers and potential customers believe the Company's services are unreliable. The Company does not control the operation of any of these facilities, and they may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. Facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions, changes to legal or permitting requirements and litigation to stop, limit or delay operation. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the Company's services. Even with disaster recovery and business continuity arrangements, the Company's services could be interrupted. When the Company adds data centers and adds capacity, the Company may move or transfer the Company's data and the Company's customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of the Company's services, which may damage the Company's business.

The Company Relies on Third-Party Computer Hardware, Software and Cloud Computing Platforms that Could Cause Errors in, or Failures of, the Company's Services and May be Difficult to Replace

The Company relies on computer hardware purchased or leased from, software licensed from, and cloud computing platforms provided by, third parties in order to offer the Company's services, including database software and hardware from a variety of vendors. Any errors or defects in third-party hardware, software or cloud computing platforms could result in errors in, or a failure of, the Company's services, which could harm the Company's business. These hardware, software and cloud computing platforms may not continue to be available at reasonable prices, on commercially reasonable terms or at all. Any loss of the right to use any of this hardware, software or cloud computing platforms could significantly increase the Company's expenses and otherwise result in delays in the provisioning of the Company's services until equivalent technology is either developed by the Company, or, if available, is identified, obtained through purchase or license and integrated into the Company's services.

Uncertainty of Additional Capital

The Company anticipates expending substantial funds to carry out the development, introduction and manufacture of additional products. The Company will require additional funds for these purposes through one or more public or private equity financings, by taking on debt financing, or from other sources. No assurance can be given that such additional funds will be available on acceptable terms or at all. If such funds are unavailable or are only available at a prohibitive cost, the Company may have to significantly curtail its product development program or seek funds through financing alternatives that may require the Company to sell its rights to certain products or certain marketing territories. Any additional equity financing may result in dilution to existing shareholders.

Currency Fluctuations
Fluctuations in the exchange rate between the United States dollar and the Canadian dollar may have a material effect on the Company's results of operations. To date, the Company has not engaged in exchange rate-hedging activities. To the extent that the Company may seek to implement hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

Health and Safety
Health and safety issues related to its products may arise that could lead to litigation or other action against the Company or to regulation of certain of its product components. The Company may be required to modify its technology and may not be able to do so. It may also be required to pay damages that may reduce its profitability and adversely affect its financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect the Company's ability to market certain of its products and, in turn, could harm its business and results from operations.

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against
Recent events have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, events seemingly unrelated to the Company, or to its industry, may adversely affect its finances or operations in ways that are hard to predict or defend against. For example, credit contraction in financial markets may hurt the Company's ability to access credit when it is needed or rapid changes in foreign exchange rates may adversely affect financial results. Finally, a reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of the Company's customer base. As a result, these customers may need to reduce their purchases of the Company's products, or there may be greater difficulty in receiving payment for the products that these customers purchase from the Company. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the business, operating results, and financial condition.

Insurance and Uninsured Risks
The Company's business is subject to a number of risks and hazards including industrial accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Although the Company maintains liability insurance in amounts which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial position.

Conflicts of Interest
Certain directors and officers of the Company are or may become associated with other companies in the same or related industries which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

The Company has not yet developed a working prototype for its products, and there is no guarantee that the Company will be able to develop such working prototype
The Company's products are currently in the developmental stage and the Company has not yet developed a working prototype for its products. If the Company is unable to complete the development of a working prototype for its products, the amount of revenue that the Company will be able generate will be severely limited.

Risks Relating to the Common Shares

General Venture Company Risks
An investment in the Company must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the Company should only be considered by those persons who can afford a total loss of investment, and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the Company.

Market Price of Common Shares and Volatility
Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the Company's performance that may affect the price of its common shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Company's common shares may affect an investor's ability to trade significant numbers of the Company's common shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's common shares; and a substantial decline in the price of the Company's common shares that persists for a significant period of time could cause the Company's common shares to be delisted from the CSE, further reducing market liquidity. As a result of any of these factors, the market price of the Company's common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The market price of the Company's common shares is affected by many other variables which are not directly related to its success and are, therefore, not within its control. These include other developments that affect the breadth of the public market for the Company's common shares, the release or expiration of lock-up or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Company's common shares is expected to make the share price volatile in the future, which may result in losses to investors.

Dividends
The Company intends to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Company's common shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and wiIl depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Dilution
Future sales or issuances of equity securities could decrease the value of the Company's common shares, dilute shareholders' voting power and reduce future potential earnings per common share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of

securities convertible into common shares) and may issue additional equity securities to finance operations, development, exploration, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Company's common shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Company's common shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per common share.

As a result of any of these factors, the market price of the Company's common shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.