



FIRST RESPONDER TECHNOLOGIES INC.

**Management's Discussion and Analysis
Form 51-102F1**

As at and for the three months ended September 30, 2022

FIRST RESPONDER TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
As at and for the three months ended September 30, 2022

November 18, 2022

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for First Responder Technologies Inc. ("First Responder" or the "Company") and should be read in conjunction with the interim condensed consolidated financial statements for the three months ended September 30, 2022 (the "Financial Statements"); including the notes thereto, copies of which are filed on the SEDAR website: www.sedar.com. The information provided herein supplements but does not form part of the interim condensed consolidated financial statements. This discussion covers the three months ended September 30, 2022, 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.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial information in this MD&A is derived from the Company's Financial Statements prepared in accordance with IFRS. Information provided in this MD&A, including financial information extracted from the Financial Statements, is the responsibility of management. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Accordingly, actual results may differ materially from the expected results.

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 THE COMPANY'S BUSINESS

First Responder was incorporated under the *BC Business Corporations Act* on January 27, 2017, and trading on the Canadian Securities Exchange (trading symbol "WPN"). 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 Company has not commenced commercial operations. 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.

As at September 30, 2022, the Company had no revenue producing operations and has an accumulated deficit of \$13,401,220 (June 30, 2022 - \$13,296,174) since its inception. The Company has a working capital deficit of \$2,133,893 (June 30, 2022 - \$2,028,847).

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The Financial Statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were exclusively funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. The Company's future capital requirements will depend on many factors, including operating costs, the current capital market environment and global market conditions.

The head office, and principal address of the Company is Suite 10589 Ladner Trunk Road, Delta, British Columbia, Canada, V4G 1K2. The Company's registered and records office address is 1500 Royal Centre, 1055 West Georgia Street, PO box 11117, Vancouver, BC, V6G 2Z6.

On July 23, 2021, the Company announced appointment of Harveer Sidhu as a director and Zara Kanji as the Chief Financial Officer ('CFO') of the Company.

On March 24, 2022, Kal Malhi resigned as the CEO and chairman of the Company.

On April 05, 2022, the Company announced Alfred Wong as the CEO and the director of the Company.

On April 20, 2022, Kal Malhi resigned as the chair of audit committee and director of the Company. Michael Kelly is appointed as the chair of audit committee. Zara Kanji replaces Rauni Malhi as the secretary of the company.

On August 19, 2022, the Company announced the appointment of Kulwant Malhi to replace Alfred Wong as CEO of the Company.

On July 31, 2022, the Company appointed Milan Malhi as the Corporate Development Officer of the Company.

During June 2021, the Company entered into debt settlement agreements with three vendors to settle an aggregate of \$184,759 in debt. On September 24, 2021, pursuant to the settlement agreements, the Company issued an aggregate of 3,079,304 common shares in the capital of the Company at a deemed price of \$0.06 per share.

On January 17, 2022, the Company entered into debt settlement agreements with two vendors to settle an aggregate of \$144,909 in debt. On January 21, 2022, pursuant to the settlement agreements, the Company issued an aggregate of 2,898,154 common shares in the capital of the Company at a deemed price of \$0.05 per share.

The management has initiated a process to identify, examine and consider a range of strategic alternatives available to the Company with a view to enhancing shareholder value.

Strategic alternatives may include, but are not limited to, a sale of all or a material portion of the assets of the Company, either in one transaction or in a series of transactions, the outright sale of the Company, or a merger or other business combination transaction involving the Company and a third party.

It is the Company's current intention not to disclose developments with respect to the process unless and until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate, or as required under applicable securities laws. The Company cautions that there can be no assurances that the process will result in it entering into a transaction or, if a transaction is undertaken, as to the terms or timing of such a transaction.

TRENDS

The 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 activities or adversely impact

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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. 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. The pandemic has had little effect as the Company does not have significant operations and is evaluating projects.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following selected financial data is derived from the Financial Statements of the Company:

	Three months ended			
	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21
Cash	\$ 49,940	\$ 101,057	\$ 69,296	\$ 34,242
Net income (loss)	(105,046)	(228,493)	(133,439)	(146,683)
Basic and diluted income (loss) per share	\$ (0.002)	\$ (0.004)	\$ (0.002)	\$ (0.021)

	Three months ended			
	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20
Cash	\$ 119,298	\$ 53,657	\$ 45,030	\$ 204,182
Net income (loss)	42,205	(1,671,348)	(638,917)	(1,313,207)
Basic and diluted income (loss) per share	\$ 0.001	\$ (0.027)	\$ (0.010)	\$ (0.030)

The Company had significant net loss in the fiscal quarters during the year ended June 30, 2021, due to the active involvement of the Company in developing the technology licensed from Rutgers. During the quarter ended June 30, 2021, the management decided to impair the license which resulted in the highest net loss during that quarter. The net income during the quarter ended September 30, 2021, pertains to the successful negotiations by the management to settle some outstanding debts. After the management decided not to move forward with the technology license, it has been focused on limiting the use of Company’s cash while it figures out the revised strategic direction for the Company. Accordingly, the quarterly net losses during the year ended June 30, 2022, was significantly lower in comparison to the prior fiscal year. In view of reducing the expenses, there has been several changes in the management and consulting contracts of the Company, which resulted in the lower net loss during the quarter ended September 30, 2022.

RESULTS OF OPERATIONS

Three months ended September 30, 2022, and 2021

During the three months ended September 30, 2022, the Company incurred a net loss of \$105,046 (2021 – Net income of \$42,205). Following are the significant expenses incurred during the period:

- Management fees of \$47,250 (2021 – \$29,500)
- Professional fees of \$19,841 (2021 – \$23,687)
- Consulting fees of \$13,905 (2021 – \$11,857)

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Management fees of \$47,250 (2021 - \$29,500) consist of payments made to the companies controlled by the CEO and CFO as discussed under the heading "Transactions with Related Parties." The increase pertains to the increase in the management fee of CEO of the Company.

Professional fees of \$19,841 (2021 - \$23,687) consists of the payments made for accounting, audit and legal services received during the period. The decrease in the professional fees is mainly attributable the high legal fees paid during the three months ended September 30, 2021, in relation to maintaining Company's public affairs and identifying potential funding sources.

Consulting fees of \$13,905 (2021 - \$11,857) mainly comprises of the fee paid to the directors and external consultants for the Company's marketing, business development, financing advisory and corporate secretarial services (see "Transaction with Related Parties"). There was a slight increase in the consulting fees due to the changes in the directors and their related compensation during the period ended September 30, 2022, as compared to the comparative period.

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 September 30, 2022 the Company had a working capital deficit of \$2,133,893 (June 30, 2022 - \$2,028,847) which included cash and cash equivalents of \$49,940 (June 30, 2022 - \$101,057) available to meet short-term business requirements and current liabilities of \$2,188,249 (June 30, 2022 - \$2,137,907). The Company's accounts payable and accrued liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. After the management's strategic decision to stop the development activity on the technology license from Rutgers, the Company has not been fulfilling the obligations of the loan which was received through the Regional Relief and Recovery Fund (RRRF) which had a repayable balance of \$439,016. On October 7, 2022, the Company received a notice of default from RRRF. As a result, the entire balance is classified as current at September 30, 2022 and the loan was accreted to its face value. The loan is now due on demand. During the year ended June 30, 2022, the Company entered into some debt settlement agreements with two of its vendors, pursuant to which, an aggregate of \$144,908 of trade payables of the Company were settled in lieu of issue of 2,898,154 common shares of the Company. The Company also received a short-term loan of \$100,000 bearing annual interest rate of 12% and having maturity of less than one (1) year from the date of this report. The loan has been renewed for further one (1) year. The Company has issued three promissory notes of an aggregate value of \$260,000 payable in lieu of \$250,000 received from a company controlled by the Chief Executive Officer ("CEO") of the Company. The promissory notes are due to be payable on demand, therefore, has been classified as current.

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.

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.

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Cash Flow Activities

Three months ended September 30, 2022:

Cash balances decreased by \$51,117 during the period ended September 30, 2022 and increased by \$65,641 during the period ended September 30, 2021.

During the period ended September 30, 2022, cash used in operating activities before changes in working capital was \$105,046 as compared to cash used during the period ended September 30, 2021, of \$26,896. The increase in the cash flows used in operating activities as compared to the prior period is due to the prior period having a gain on debt settlements and debts forgiven.

Cash used in investing activities during the period ended September 30, 2022 and 2021, was \$Nil. Due to the limited capital resources, impairment of the technology license and impact of COVID-19, the Company has been restricting its capital expenditures.

Cash provided by financing activities during the period ended September 30, 2022 and 2021, was \$Nil. The Company had no financing activities during current and comparative period.

OUTSTANDING SHARE DATA

As at the September 30, 2022, and date of this report, the Company has 67,859,176 common shares issued and outstanding.

Transactions during and after the period ended September 30, 2022:

There were no share transactions during and after the period ended September 30, 2022.

Transactions during the year ended June 30, 2022

On January 21, 2022, pursuant to the debt settlement agreements dated January 17, 2022, the Company issued 2,898,154 common shares at \$0.05 in the share capital of the Company to settle an aggregate debt of \$144,909.

On September 24, 2021, pursuant to the debt settlement agreements, the Company issued 3,079,304 common shares at \$0.06 in the share capital of the Company to settle an aggregate debt of \$184,759. Accordingly, the Company recognized a gain on settlement of \$107,775.

Share warrants

Transactions during and after the period ended September 30, 2022:

There were no share warrant transactions during the period ended September 30, 2022.

For the year ended June 30, 2022

During the year ended June 30, 2022, the aggregate of 11,593,829 outstanding share warrants expired unexercised.

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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.

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

As at September 30, 2022, \$805,719 (June 30, 2022 – \$782,169) was due to directors and officers of the Company.

During the three months ended September 30, 2022, the Company entered into the following transactions with related parties:

	For the year ended	
	September 30, 2022	September 30, 2021
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	\$ 47,250	\$ 29,500
Consulting fees	11,905	11,857
Professional fees	6,500	2,000
	\$ 65,655	\$ 43,357

Management fees were paid or accrued to the following:

	Three months ended	
	September 30, 2022	September 30, 2021
CEO - Kal Malhi	\$ 22,500	\$ 22,500
CFO – Zara Kanji	10,500	7,000
Corporate development officer - Milan Malhi	10,500	-
Company controlled by former CEO – Alfred Wong	3,750	-
	\$ 47,250	\$ 29,500

Consulting fees were paid or accrued to the following:

	Three months ended	
	September 30, 2021	September 30, 2021
Director – Michael Kelly	\$ 9,000	\$ 9,000
Company controlled by director – Harveer Sidhu	2,905	2,857
	\$ 11,905	\$ 11,857

Professional fees of \$6,500 were paid or accrued to a Company controlled by the CFO (2021 – \$2,000).

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During the three months ended September 30, 2022, \$Nil (2021 – \$49,519) and \$Nil (2021 – \$30,251) were included in share-based payments for stock options and RSU’s granted to related parties, respectively.

On October 13, 2022, the Company received \$50,000 from a company controlled by the CEO of the Company as loan and issued a promissory note for \$50,000 due to be payable on demand .

On April 29, 2022, the Company received \$100,000 from a company controlled by the CEO of the Company as loan and issued a promissory note for \$100,000 due to be payable on demand.

On January 21, 2022, the Company received \$100,000 from the CEO of the Company as loan and issued a promissory note for \$110,000 due to be payable on demand. The difference of \$10,000 is recorded as financing cost.

On September 23, 2021, the Company entered into a debt assignment agreement with an existing vendor whereby a total of \$352,376 in debt was assigned to a party related to the former CEO of the Company.

FINANCIAL INSTRUMENTS

Fair values

Per IFRS 7, a three-level hierarchy that reflects the significance of inputs used in making fair value measurements is required. The three levels of fair value hierarchy are as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

Financial instrument risks

The following table outlines the Company’s financial assets and liabilities measured at fair value by level within the fair value hierarchy described above. Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair value measurement.

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	Quoted Prices in Active Markets For Identical Instruments (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$	Total \$
September 30, 2022				
Assets:				
Cash and cash equivalents	49,940	-	-	49,940
Taxes receivable	-	2,728	-	2,728
Liabilities:				
Accounts payable	-	785,384	-	785,384
Due to related parties	-	805,719	-	805,719
Short-term loan	-	114,057	-	114,057
Loan payable	-	439,016	-	439,016
June 30, 2022				
Assets:				
Cash and cash equivalents	101,057	-	-	101,057
Taxes receivable	-	3,281	-	3,281
Liabilities:				
Accounts payable	-	757,994	-	757,994
Due to related parties	-	782,169	-	782,169
Short-term loan	-	110,676	-	110,676
Loan payable	-	-	439,016	439,016

The Company's cash and cash equivalents are valued using quoted market prices in active markets for identical assets, and therefore are classified as Level 1.

The fair value of taxes receivable, accounts payable, due to related parties, and short-term loan, approximates their carrying values due to their short term to maturity and therefore are classified as Level 2.

Due to the notice of default received from RRRF, the Company accreted the loan payable to its face value and classified it as current. Since the loan payable balance has been accreted to its face value, it is considered to approximate its fair value. Therefore, the classification of loan payable balance moved from Level 3 to Level 2 during the period ended September 30, 2022.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash, cash equivalents and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions.

Liquidity risk

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Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at September 30, 2022, the Company had a cash and cash equivalent balance of \$49,940 (June 30, 2022 – \$101,057) available to apply against short-term business requirements and current liabilities of \$2,188,249 (June 30, 2022 – \$2,137,907). All the liabilities presented as accounts payable and accrued liabilities are due within 90 days of September 30, 2022. The short-term loan, along with the interest, is to be repaid within 1 year from the period ended September 30, 2022. Amounts due to the related parties are without term and are payable on demand.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Company has no significant interest rate risk. As of September 30, 2022, the Company had cash and cash equivalents balance of \$49,940 (June 30, 2022 - \$101,057) of which \$25,000 was in a term deposit, earning interest at a rate of 0.35% per annum. On October 31, 2022, the Company withdrew its investment in term deposit for an aggregate value of \$25,025.68. The Company has a short-term debt of \$100,000 bearing interest at an annual rate of 12%. As at September 30, 2022, an interest of \$14,057 has been accrued on this short-term debt. The Company also has loan payable of \$439,016 to be repaid in monthly instalments of \$12,200 commencing January 31, 2023 and ending December 31, 2025. Due to default in fulfilling the conditions of the loan, the loan payable has become due in full and has been categorized as short-term. As at the date of this report, the Company has three promissory notes outstanding totalling \$260,000 which are without term and payable on demand.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is exposed to foreign currency risk on fluctuations related to the amounts payable that are denominated in US dollars. A 10% fluctuation in the USD dollars against the Canadian dollar will affect net loss for the year by approximately \$39,523.

OTHER MATTERS

Legal proceedings

On August 22, 2022, the Company received notice of claims issued by provincial court of British Columbia (Small Claims Court) from a former CEO and consultant of the Company pursuant to a disputed agreement entered into on March 24, 2022. The former consultant wants to claim the unpaid fees for the month of July 2022 inclusive of GST and the damages for breach of contract inclusive of GST with an aggregate potential liability of \$35,256. The Company intends to defend against these claims and cannot at this time determine the outcome.

Commitment and Contingent liabilities

As at the date of this report, the Company does not have any commitments or contingent liabilities.

PROPOSED TRANSACTIONS

No proposed transaction was observed as of the date of this report.

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ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the Financial Statements of the Company.

OTHER REQUIREMENTS

Additional disclosure of the Company’s material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com

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.

November 18, 2022

On behalf of Management and the Board of Directors,

“Kal Malhi”

Chief Executive Officer and Director

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.

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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 favorable 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.

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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.

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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.

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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 than 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

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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 favorable 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.

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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 usernames, 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 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

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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.

The foreign currency adjustment for the USD vendors does not exceed the threshold for the foreign currency fluctuation risk of 10%, therefore, the currency fluctuation risk is assessed to be minimal.

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

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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.

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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 will 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.