

**FANLOGIC INTERACTIVE INC. (FORMERLY SPRIZA MEDIA INC.)**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the years ended December 31, 2016 and 2015**

## **FANLOGIC INTERACTIVE INC. (FORMERLY SPRIZA MEDIA INC.)**

### Management Discussion & Analysis of Financial Position and Results of Operations For the Year Ended December 31, 2016

This MD&A for the year ended December 31, 2016 is prepared by management on April 27, 2017 for Fanlogic Interactive Inc. (the “Corporation” or “Fanlogic”) (Formerly Spriza Media Inc.) in accordance with International Financial Reporting Standards (“IFRS”). This MD&A should be read in conjunction with the Corporation’s audited consolidated financial statements and related notes for the year ended December 31, 2016 and 2015, which were prepared in accordance with IFRS.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise. Additional information relating to the Corporation is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

#### **OVERVIEW**

##### Recent events at the time of this Report

On March 28, 2017, the Corporation changed its name from Spriza Media Inc. to Fanlogic Interactive Inc. The Corporation had previously changed its name from Iron Tank Resources Corp. to Spriza Media Inc. on February 19, 2016. Fanlogic Interactive Inc. is a publicly traded company listed on the TSX Venture Exchange (“TSX-V”) under the symbol “FLGC” since March 29, 2017.

In February of 2017 the Corporation implemented the consolidation of the corporation's issued and outstanding common shares on the basis of one (new) post-consolidation common share for each five (old) pre-consolidation common shares, effective February 22, 2017. All stock related disclosures have been retroactively adjusted to reflect the share consolidation for all years presented.

On February 19, 2017 the Corporation completed a merger with Fanlogic, LLC a Virginia based company, more fully described further in this report and in the Subsequent Events.

##### Results of Operations

The Corporation has recently made significant steps forward in its ability to improve its branding, expand its marketing into the US and UK markets and, through the merger, expanded its development and management teams as well. The newly merged Fanlogic offers a proven software platform for customer acquisition utilizing viral sharing of contests, competitions and lotteries. With the integration of a robust social fantasy sports and gaming software, Fanlogic now offers its brands and agencies an even more immersive and interactive platform.

The acquisition of Fanlogic’s gamification software and expertise enhances the platform, providing agencies, brands a deeper offering and increases Fanlogic’s market relevance in social gaming for advertising and licensed revenue opportunities. Gamification is an effective way to attract an audience, drive brand engagement and deepen lead generation. The gamification market is expected to reach \$10.02-billion by 2020.

The system unifies all aspects of a digital campaign in a single management tool; providing creative opportunities, distribution, tracking/reporting, compliance, and fulfilment that results in lead generation and direct sales. All of these activities are supported by an active subscriber network which allows for deeper engagement.

The combination of these two businesses broadens Spriza’s executive leadership team and opens up a physical and personal presence not only in Canada but now both the United States and the United Kingdom. Fanlogic Interactive Inc. has retained Dream Factory Agency and Cratos Global to work on all aspects of brand development including advertising, marketing and supporting business development strategic objectives. Initial work has centered on business transformation and leveraging the past successes of Fanlogic. The team is now focused on brand development and rebranding the new company including messaging, trade show development, video production and infographics as well as creating and executing Fanlogic's campaigns and strategies. Dream Factory Agency will focus on increasing results through better return on investment transparency for clients. Our focus, in the wake of our partnership agreement with Dream Factory Agency and Cratos Global, is to drive client value in the USA, the UK and Canada.

Companies need strategies that not only deliver results, but also deliver high-quality data to improve

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results over time. This collaboration will accelerate this critical integration process, enabling Fanlogic to launch products, service offerings and new brand messaging quicker and more effectively. Fanlogic's offerings include contests, coupons, direct-buy offers, 50/50 charity draws and social fantasy games.

Fanlogic has been developing a significant lead list that will be aggressively pursued in early June when all the new branding, sales and marketing strategies are deployed. The Corporation has recently made an application for its shares to be quoted in the USA on the OTCQB market. The dual listing of the Corporation's shares in the US market is expected to provide greater exposure to the Fanlogic brand and assist in our ability to build increased shareholder value.

#### New Board Members and CEO

In connection with the completion of the merger, Randy Brownell and Graham Webster joined the board of directors. The board of directors comprises of David Antony (chairman), Mr. Brownell, Rob Danard, Jay Cowles and Mr. Webster. Management of the Corporation is Mr. Brownell (chief executive officer), Mr. Danard (president), Mr. Cowles (chief operating officer), Chris Robbins (chief financial officer) and Trevor Wong-Chor (corporate secretary). The addition of Mr. Brownell and Mr. Webster brings extensive experience and knowledge to the Corporation and greatly enhances its ability to generate sales and branding not only in Canada but into the United States and the United Kingdom.

#### Randy H. Brownell III, Director and CEO

Mr. Brownell is an international executive with over 25 years of diverse experience at the most senior management levels in publicly traded companies dealing in technology and gaming. He has a global record of success marked by a hands-on entrepreneurial operating style with demonstrated and documented skills in spearheading innovation, structuring and managing acquisitions, start-ups, and new product introductions. He has a master in international management/finance from the American Graduate School of International Management (Thunderbird).

#### Graham Webster, Director

Mr. Webster is an experienced gaming executive, particularly in the highly regulated environment of lotteries and lottery technologies. He is a founder of Fanlogic. Previously, he was commercial director of Betex Group PLC, a provider of lottery technologies. He qualified as a solicitor in the United Kingdom in 1995 with the international law firm Ashursts before spending over 12 years in corporate finance, advising and raising money for small and medium-sized enterprises trading on the AIM market of the London Stock Exchange.

#### Reverse Take-over

On February 19, 2016, the Corporation completed an arm's length acquisition of substantially all of the assets of Spriza, Inc. ("Spriza Assets") in exchange for 11,000,000 post-consolidation common shares. The common shares were subsequently distributed to Spriza Inc.'s shareholders. Upon completion of this acquisition, the Corporation also changed its name from Iron Tank Resources Corp. to Spriza Media Inc. This acquisition constituted a change of business for the Corporation from a mining issuer to a technology issuer.

The fair value of the consideration paid, based on the market value of the Corporation's common shares on the date of closing the transaction and the net liabilities acquired have been recognized as a listing expense, in the consolidated statement of loss and comprehensive loss as follows:

Fair value of shares issued to former owners of Spriza Assets	\$883,279
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<b>Total consideration value</b>	<b>\$883,279</b>
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Consideration received:	
Cash	\$748
Trade and other receivables	4,311
Trade and other payables	(192,440)

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Net assets acquired	\$(187,381)
Listing expense	\$1,070,660

The purchase price was measured at estimated fair values at February 19, 2016, using Spriza Media Inc.'s closing stock price of \$0.175 and a fair value of the 180,000 options of \$Nil.

Concurrent with the closing of the acquisition, the Corporation completed a brokered and non-brokered private placement for an aggregate of 4,565,000 shares at a price of \$0.25 per share for gross proceeds of \$1,141,250. In connection with the offering, the Corporation paid a cash commission of 7% on certain subscribers totaling \$30,678, and granted 122,710 agent options. Each agent option is exercisable into one common share of the Corporation at an exercise price of \$0.25 for a term of 18 months following the closing of the acquisition.

**SELECTED ANNUAL INFORMATION**

	December 31, 2016 (audited)	December 31, 2015 (audited)	December 31, 2014 (audited)
Revenue, net of royalties	\$ 277,976	\$ 17,128	\$ -
Loss from operation	1,678,168	1,002,773	(287,065)
Net comprehensive loss for the year	2,748,828	1,002,773	(247,558)
Loss per share	(0.15)	(0.00)	(0.01)
Total assets	435,763	546,071	129,736
Working capital (deficit)	(185,346)	(32,921)	98,071

**SELECTED QUARTERLY INFORMATION**

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Revenue	\$ 18,022	92,221	158,733	9,000
Net loss for the period	\$ (318,773)	(348,120)	(431,496)	(1,650,439)
Loss per share	\$ (0.10)	(0.00)	(0.01)	(0.04)

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenue	\$ 17,128	\$ -	\$ -	\$ -
Net loss for the period	(816,657)	(80,322)	(26,482)	(79,312)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

**RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2016**

For the year ended December 31, 2016, total expenses amounted to \$1,956,144 compared to \$1,019,901 incurred in 2015.

The Corporation incurred \$1,077,663 in general and administration expenses compared to \$701,335 incurred in 2015. During 2016 \$79,250 was recorded as a bad debt expense. General and administration expenses are composed of consulting and management fees of \$483,068 (2015 - \$171,075), and dues and filing fees of \$26,997 (2015 - \$NIL). Advertising and Marketing expenses were \$92,977 and \$42,364 during the years ended 2016 and 2015 respectively. The remaining expenditures relate to general office expenditures.

The Corporation incurred professional fees of \$104,960 for the year, (2015 - \$129,823). The decrease in professional fees related mostly to the legal expenditures incurred in 2015 before closing the Spriza,

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Inc. asset acquisition.

### **RESULTS OF OPERATIONS – THREE MONTH PERIOD ENDED DECEMBER 31, 2016**

For the three month period ended December 31, 2016, total expenses amounted to \$529,451 compared to \$577,256 incurred in same period of 2015. During the three month period ended December 31, 2016, the Corporation incurred \$311,331 in general and administration expenses compared to \$385,976 incurred in 2015. General and administration expenses are composed of consulting and management fees. The remaining expenditures relate to general office expenditures. General and administrative expenses are expected to remain stable over the next year.

The Corporation incurred professional fees of \$41,165 for the three month period ending December 31, 2016, (2015 - \$110,893). The decrease in professional fees related mostly to the legal expenditures incurred in 2015 closing the Spriza, Inc. asset acquisition.

### **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2016, the Corporation had a working capital deficit of (\$185,346) compared to a deficit of (\$32,921) as at December 31, 2015. The decrease in working capital is a result of the Corporation's ongoing business concerns due to the increase in accounts payable - in accruals for \$29,000 for audit and accounting services (\$24,000 - 2015) plus \$42,000 to a software services consultant firm and an increase to professional fees in the year relating to the acquisition of the new business.

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2016 the Corporation had current assets of \$14,614, (2015 - \$24,556) to settle current liabilities of \$199,961 (2015 - \$57,477). The Corporation will rely on operating cash flows and equity issuances to provide liquidity.

### **SUBSEQUENT EVENTS**

- a) On January 6, 2017, the Corporation completed a private placement, issuing 1,480,000 units ("Units") for aggregate proceeds of \$222,000. Each Unit consisted of one common share of the Corporation and one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share of the Corporation for \$0.50 per common share for a period of 24 months from issuance.
- b) On February 22, 2017, the Corporation completed a 1 for 5 share consolidation of its issued and outstanding Common Shares. All stock-related disclosures have been retroactively adjusted to reflect the share consolidation for all years presented.
- c) On March 31, 2017, the Corporation completed a private placement, issuing 4,233,334 units ("Units") for aggregate proceeds of \$635,000. Each Unit consisted of one common share of the Corporation and one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share of the Corporation for \$0.50 per common share for a period of 24 months from issuance.
- d) On March 17, 2017, the Corporation completed the arm's length merger agreement with Fanlogic LLC ("Fanlogic"), (a Virginia company) for the acquisition of all of the outstanding equity interests of Fanlogic (the "Transaction"). Pursuant to the Transaction, the Corporation issued 19,000,000 common shares, at a deemed price of \$0.15 for a deemed value of \$2,850,000 to the Fanlogic security holders.

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### OUTSTANDING SHARE DATA

On February 22, 2017, the Corporation received approval to consolidate the common shares outstanding on a basis of one new share for five old shares.

#### **Authorized and Issued Share Capital**

<b>Class</b>	<b>Par Value</b>	<b>Authorized</b>	<b>Issued</b>
Common	Nil	Unlimited	20,612,308
Preferred	Nil	Unlimited	Nil

#### **Description of Options, Warrants and Convertible securities outstanding.**

On February 22, 2017, the Corporation received approval to consolidate the common shares outstanding on a basis of one new share for five old shares. All competitive references to the number of options, exercise price and weighted average exercise price have been restated for the consolidation.

<b>Security Type</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	80,000	\$0.50	June 18, 2018
Options	1,400,000	\$0.50	March 14, 2021
Agent Options	122,710	\$0.25	August 22, 2017

### **RELATED PARTY TRANSACTIONS**

Key management personnel are comprised of the Corporation's Directors and Officers.

During the year ended December 31, 2016, consulting and salaries in the amount of \$305,456 (2015 - \$258,349) were paid to companies controlled by a director and to officers of the Corporation. Included in this amount is \$84,000 relating to the fair value of shares issued in lieu of salary, included in the February 19, 2016 private placement. As at December 31, 2016 \$2,029 (2015 - \$nil) was payable to these directors and officers.

During the year ended December 31, 2016, the Corporation recorded share-based payments of \$396,413 (2015 - \$nil) related to stock options granted to directors and officers of the Corporation.

During the year, an officer lent the Corporation funds of \$10,204. The loan is non-interest bearing, unsecured, with no terms of repayment.

During the year ended December 31, 2016, management fees in the amount of \$6,500 (2015 - \$nil) were paid to companies controlled by a director of the Corporation.

### **OFF- BALANCE SHEET TRANSACTIONS**

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

### **ACCOUNTING POLICIES**

The MD&A and the audited consolidated financial statements have been prepared on a historical cost basis with some exceptions in accordance with IFRS, as detailed in the accounting policies set out in note 3 of the consolidated financial statements for year ended December 31, 2016. These policies have been applied consistently for all years presented in the consolidated financial statements.

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Items included in the consolidated financial statements of the Corporation and its subsidiaries are measured using the currency of the primary economic environment in which the Corporation operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional and presentation currency.

#### **FUTURE ACCOUNTING POLICES**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after January 1, 2016 or later periods. The standards issued that are not yet effective that may be applicable to the Corporation are as follows:

IFRS 9, “Financial Instruments” was issued in November 2009 as the first step in its project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for impairment and hedge accounting. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. The Corporation is currently assessing the impact of this standard.

IFRS 15, “Revenue from Contracts with Customers” was issued in May 2014 to replace IAS 18 “Revenue” and IAS 11 “Construction Contracts”, and several revenue related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Corporation is currently assessing the impact of this standard.

IFRS 16, “Leases” was issued in January 2016 to replace IAS 17 “Leases” and related interpretations. IFRS 16 eliminates the distinction between operating leases and financing leases for lessees. The new standard is effective January 1, 2019 with earlier adoption permitted providing that IFRS 15 has been adopted. The new standard is required to be applied retrospectively, with a policy alternative of restating comparative prior periods or recognizing the cumulative adjustment in opening retained earnings at the date of adoption. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

IAS 7 – “Statement of Cash Flows” was amended in April 2016. The IASB issued amendments for the annual period beginning on or after January 1, 2017, with earlier application permitted. The amendments require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Corporation has evaluated the impact of the standard on its consolidated financial statements and determined the impact will not be significant.

IAS 12 – “Income Taxes” was amended for the annual period beginning on January 1, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of a reporting period, and is not affected by possible future changes in the carrying amount or expected recovery of the asset. The Corporation has evaluated the impact of the standard on its consolidated financial statements and determined the impact will not be significant.

#### **CRITICAL ACCOUNTING ESTIMATES**

The Corporation has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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#### **Accounting estimates**

##### **a) Share-based payments**

The Corporation has made various assumptions in estimating the fair values of the common stock options granted including expected volatility, expected exercise behavior, expected risk free rate and future forfeiture rates.

##### **b) Deferred taxes**

Tax interpretations, regulations and legislation are subject to change and as such income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

##### **c) Revenue Recognition**

In the determination of the amount and timing of the revenue to be recognized, the Corporation relies on assumptions and estimates supporting its revenue recognition policy. Revenue from fixed fee arrangements are recognized using the percentage of completion method. Estimates of the percentage of completion for customer projects are based upon current actual and forecasted information and contractual terms.

##### **d) Business combination**

Management uses judgement to assess whether an acquisition meets the definition of a business under IFRS.

#### **Accounting judgments**

##### **Functional currency**

The Corporations expenses, debt and equity financings are in Canadian dollars. Based on these indicators, management has accessed the functional currency to be Canadian dollars. Iron Tank Resources USA Inc.'s revenue and expenses are in US dollars and based on these indicators, management has determined the functional currency to be US dollars.

##### **Going Concern**

The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment to assess the Corporation's ability to continue as a going concern and the existence of conditions that cast doubt upon the going concern assumption.

#### **FINANCIAL INSTRUMENTS**

The Corporation's financial instruments as at December 31, 2016 include cash, restricted cash, trade and other receivables, trade and other payables, short term loan, due to a shareholder, and bank indebtedness. The Corporation records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the consolidated financial statements. The carrying amounts approximate fair values due to the short term maturities of these financial instruments.

#### **FORWARD LOOKING STATEMENTS**

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Corporation. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency

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markets such as Canadian dollar and U.S. dollar, fluctuations in the prices of gold and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States or other countries in which the Corporation carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Corporation's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Corporation. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the "Risk and Uncertainties" section of these MD&A for a discussion of some of the factors underlying forward-looking statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

#### **RISK FACTORS**

In the normal course of business, the Corporation is exposed to various business risks and uncertainties that can have an effect on the Corporation's results of operations, financial position, or liquidity. While some exposures may be reduced by the Corporation's risk management strategies, many risks are driven by external factors beyond the Corporation's control or are of a nature which cannot be eliminated. The following is a discussion of key areas of business risks and uncertainties.

##### **The Corporation**

The Corporation has a history of operations since 2014, as such, the Corporation remains in the early stage of development and must be considered a start-up, even though the Corporation has a successful record of revenues and repeat clients. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Corporation has no intention of paying any dividends in the near future.

The Corporation will have limited financial resources and there is no assurance that additional funding will be available to it for further development of its business or to fulfil its obligations under any applicable agreements.

As certain of the officers and directors of the Corporation are directors, officers or shareholders of other companies, there are potential conflicts of interest to which the officers and directors of the Corporation may be subject to from time to time, in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporation Act* (British Columbia).

The Corporation may need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Corporation may change and investors may suffer additional dilution. To the extent financing is not available, business opportunities and potential acquisitions could be lost for the Corporation.

##### **Liquidity**

Disruptions in the financial markets or deterioration of the Corporation's credit ratings could hinder the Corporation's access to external sources of funding to meet its liquidity needs. There can be no assurance that changes in the financial markets will not have a negative effect on the Corporation's liquidity and its access to capital at acceptable rates.

##### **Risks from Acquisitions, Strategic Alliances and Joint Ventures**

The Corporation may pursue acquisitions, strategic alliances and joint ventures. The ability of the Corporation to complete acquisitions, strategic alliances and joint ventures is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions, strategic alliances

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and joint ventures involve risks that could adversely affect the Corporation's results of operations, including the management time that may be diverted from operations in order to pursue and complete such transactions and, difficulties in the case of acquisitions, integrating and managing the additional operations and personnel of acquired businesses. There can be no assurance that the Corporation will be able to obtain the capital necessary to consummate acquisitions, strategic alliances or joint ventures on satisfactory terms, if at all. Future acquisitions, strategic alliances or joint ventures could result in the incurrence of additional debt, costs and contingent liabilities, all of which could materially adversely affect the Corporation.

#### **Dependence on Key Personnel**

The success of the Corporation will depend, to a significant extent, upon the efforts and abilities of its senior management team. The loss of any management, or the inability to attract and retain additional skilled management, could have a material adverse effect on the business, operating results and financial condition of the Corporation.

#### **Global Financial Conditions**

Global financial conditions may be subject to high volatility which could result, as they have in the past, in numerous commercial and financial enterprises either going into bankruptcy or creditor protection or having had to be rescued by governmental authorities. More recently, the European debt crisis has affected equity investor sentiment and, if it worsens, could also affect worldwide credit markets, which might impact the Corporation.

Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions can cause the broader credit markets to further deteriorate and stock markets to decline substantially. Banks have been adversely affected by the worldwide economic crisis in the past and have somewhat curtailed existing liquidity lines, increased pricing and introduced new and tighter borrowing restrictions to corporate borrowers, with limited access to new facilities or for new borrowers. These factors, if they were to reoccur, could negatively impact the Corporation's ability to access liquidity needed for the Corporation's business in the longer term. These factors may impact the Corporation's future ability to obtain equity, debt or bank financing on terms favourable to the Corporation, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

#### **Potential Volatility of Share Price**

The market price of the common shares of the Corporation may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the Corporation's results of operations; changes in estimates of the Corporation's future results of operations by management or securities analysts; introduction of new products or services by the Corporation or its competitors; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many venture issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the shares.

#### **Tax Considerations**

The return on an investment in common shares of the Corporation will be subject to changes in federal and provincial tax laws. There can be no assurance that the income tax legislation in Canada will not be amended so as to fundamentally alter the tax consequences of holding or disposing of the common shares.

#### **Legal or Regulatory Proceedings**

Although the Corporation is not currently a party to any material legal or regulatory proceedings, legal or regulatory proceedings could be filed against the Corporation in the future. No assurance can be given as to the final outcome of any legal or regulatory proceedings or that the ultimate resolution of any legal or regulatory proceedings will not have a material adverse effect on the Corporation.

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**ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com).