CANNABIS TECHNOLOGIES INC
(formerly Meridex Software Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS NINE MONTHS ENDED

March 31, 2014

Suite 350 – 409 Granville Street
Vancouver, BC, V6C 1T2
Tel: 604-683-2509 Fax: 604-683-2506

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Cannabis Technologies Inc. (*formerly Meridex Software Corporation)* ("CTI" or the "Company") as at March 31, 2014 and for the three and nine months then ended in comparison to the same period ended in March 31, 2013. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended March 31, 2014 and March 31, 2014 and related notes.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is May 27, 2014.

Throughout the report we refer to Cannabis, CTI the "Company", "we", "us", "our" or "its". All these terms are used in respect of Cannabis Technologies Inc. Additional information on the Company can be found on SEDAR at www.sedar.com.

Forward Looking Statements

This discussion may contain certain forward-looking statements reflecting the Company's current expectations and estimates about the markets in which the Company operates and management's beliefs and assumptions regarding these markets. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, changes in markets and competition, technological and competitive developments, strict regulatory environment, patent applications if any, and dependence on strategic partners and licenses. The material factors and assumptions used to develop the forward-looking statements and forward looking information contained in this MD&A are based on Management's ability to maintain the Company as a going concern and be successful in obtaining the required funding to further develop cannabis-based botanical and non-botanical therapies through the research and development into the extensive pharmacology of cannabinoids.

When used in this MD&A, the words *"plan," "expect," "believe,"* and similar expressions generally identify forward-looking statements. In light of the many risks and uncertainties as described in this report, readers should understand that Cannabis cannot offer assurance that the forward-looking statements contained in this analysis will be realized. Additional information on these and other potential factors that could affect the Company's financial results are included in this discussion and in documents filed from time to time with the provincial securities commissions in Canada.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Overview and Description of Business

The Company was incorporated in the Province of British Columbia on May 19, 1981 under the *Business Corporations Act* of British Columbia under the name Meridex Software Corporation ("Meridex"). On The Company on December 4, 2013 was transferred from the TSX Venture Exchange (the "Exchange") Tier 2 listing status to the Exchange's board ("NEX") as the Company did not meet the continued listing requirements of a Tier 2 issuer on the Exchange.

On May 14, 2014 the Company changed its name to Cannabis Technologies Inc. to from Meridex. On May 21, 2014, the Company was listed on the Canadian Securities Exchange under the trading symbol "CAN", and voluntarily de-listed from the TSX Venture Exchange's NEX board.

The Company's corporate office and principal place of business is located at 350 – 409 Granville Street, Vancouver, B.C. V6C 1T2.

During the three months ended March 31, 2014 and as at the date of this report the Company re-focused its efforts and diversified into the medical marijuana industry. This emerging multibillion-dollar industry is in the process of significant regulatory and legal reform that offers explosive growth opportunities to participants. With marijuana now legal in Colorado and Washington and tourism booming, investors and financial pundits are wondering how fast the marijuana industry will grow and if it could become national. The ArcView Group, an investing and market research firm for high-net-worth investors based in San Francisco, estimates the national legal market (including recreational and medical marijuana) at $1.53-billion in 2013 and expects it to grow to $2.57-billion by the end of 2014, with marijuana sales in Washington and Colorado pulling in $316-million and $802-million, respectively. ArcView says the national market could reach $10.2-billion in five years. Coming changes in medical marijuana licensing will allow for licensed producers to grow on a larger, commercial scale. Health Canada stated: "The marijuana medical access program ends on March 31, 2014. This is also the date that all authorizations to possess, personal-use-production licences and designated-person-production licences expire. As of April 1, 2014, the only legal access to marijuana for medical purposes will be through licensed producers under the marijuana for medical purposes regulations, even if you have an authorization to possess or a licence to produce that has a later date. Canadian federal judge Michael Manson made a ruling on Friday, March 21, 2014, that exempts currently licensed marijuana users and producers from the incoming marijuana for medical purposes regulations set to take effect on April 1, 2014. This means that people with existing authorization to possess, designated-person-production or personal-use production licences issued under the old rules will still be permitted to possess and/or grow medical marijuana past April 1. Pursuant to these changes, the Company's management reviewed a number of business plans and proposals.

On May 16, 2014 the Company entered into a binding Share Purchase Agreement ("SPA") to acquire Biogen Sciences Inc. ("BSI"), a privately held B.C. biopharmaceutical company focused on drug discovery and development of the therapeutic science of cannabinoids.

Under the terms of the agreement the Company will purchase 100% of the outstanding equity of BSI by issuing 4,000,000 million shares and, upon completion of the transaction, Biogen will become a wholly owned subsidiary of Cannabis.

The Company completed the transaction on May 21, 2014 and issued 4,000,000 common shares pursuant to the SPA. Additionally, the Company issued a further 400,000 common shares in finders' fee on the transaction.

The completion of this acquisition of BSI provided for the intellectual property ("IP") that will position the Company to capitalize not only on the surge of investor interest in the medical marijuana space but also the continuing strong growth in the life-science sector. With nearly $3 billion dollars being raised for Canadian companies in 2013 within the life science sector management is confident being a part of this space will allow the Company to accelerate its shareholder growth and create value.

To reflect the Company's new direction and reflect is new business strategy it completed a name change to "Cannabis Technologies Inc." on May 14, 2014.

With the change of business, name change and IP acquisition, CTI is now a biopharmaceutical drug discovery and development company uniquely focused on the therapeutic potential of cannabinoids. The Company consists of two divisions:

<u>Drug Discovery & Development</u> – CTI is utilizing its proprietary *"Cannabinoid Drug Design Platform"* to identify new bioactive compounds within the marijuana plant that interact with certain gene responsible for specific diseases. CTI's extensive research and intellectual properties will initially be focused on the development of several new cannabinoid based treatments for glaucoma, cancer & angiogenesis, Inflammation and pain.

Cultivation & Breeding – CTI's botanical research division has begun the research & development into the individual strains and clones that will produce the raw material bases for future pharmaceutical research. To comply with the demands of the pharmaceutical industry, a phytopharmaceutical feedstock must meet high expectations regarding the minimum and maximum content of a range of compounds. Cultivation techniques and pharmaceutical levels of exacting chemical consistency are critical for all applications to regulatory authorities.

Overall Performance and Operations

Cannabis has not operated profitably in previous reporting periods and with the recent listing on the CSE and change of business focus to the bio-medical marijuana industry as described hereinabove the Company focused its efforts on securing funding and reviewing business opportunities that would result in the Company's ability to make this change successfully.

Financial Condition

Financial position:	March 31 2014	June 30 2013
Cash and cash equivalents	$1,481	$4,358
Total Assets	$6,817	$5,360
Shareholders' equity	$(197,292)	$(46,412)

As a result of its efforts the Company acquired BSI, changed its name and completed a non-brokered private placement for gross proceeds of $690,000 on May 5, 2014 *(See Liquidity and Capital Resources)*. The net proceeds from this private placement are for general working capital purposes and debt repayment.

The Company's continuing operations will be dependent upon obtaining necessary financing in order to further develop its current business plan.

Results of Operations

During the three months ended March 31, 2014 the Company reported a comprehensive loss of $102,044 and loss per share of $0.00 compared to a comprehensive loss of $7,754 and loss per share of $0.00 reported in the comparative three months ended March 31, 2013. The primary increase in expenditures was related to the increase in general and administration expenses of $87,044 and research and development of $15,000 as described herein below.

During the nine months ended March 31, 2014 the Company reported a comprehensive loss of $150,880 and loss per share of $0.00 compared to a comprehensive loss of $24,404 and loss per share of $0.00 reported in the comparative nine months ended March 31, 2013. The increase in expenditures is described herein below.

The primary expenditures included Administrative and General costs as outlined below:

		Three Months Ended				Nine Months Ended		
		March 31 2014		March 31 2013		**March 31 2014**		March 31 2013
Administrative and General Expenses include:								
Accounting and legal	$	**21,070**	$	262	$	**23,127**	$	(14,160)
Consulting		**31,665**		1,058		**37,050**		13,218
Office and administration fees		**658**		105		**1,269**		265
Regulatory fees		**1,250**		5,221		**4,561**		7,898
Rent		**28,762**		-		**43,048**		-
Shareholder communication		**2,356**		-		**3,381**		-
Transfer agent fees		**1,283**		1,108		**9,448**		17,183
	$	**87,044**	$	7,754	$	**121,884**	$	24,404

Significant increases/decreases in expenditures to note for general and administration include:

Accounting and legal **– the net credit recorded was the result of an adjustment to accounting and audit of $15,000 for the over estimation of accrual of audit fees for the year ended June 30, 2012.**

Rent **– The Company effective October 1, 2013 commenced rent and administrative costs for its office space of $4,672 per month.**

Transfer agent fees **- Transfer agent fees decreased during the current period as a result of the Company handling the mail-out and printing of materials vs the transfer agent in the prior period.**

Consulting fees **– Consulting fees included only the CFO/Corporate Secretary fees (in comparison to the prior year end where in the former President of the Company was incurring fees of $1000 per month. (*See - Related Party Transactions*).**

Other item to note was research and development wherein the Company recorded consulting fees in connection with the review and research of potential business opportunities, which concluded in the Company's change of business direction as described hereinabove.

Summary of Quarterly Results

The following table summarizes certain selected financial information reported by the Company for the each of the last eight quarters reported. The following quarter results are prepared in accordance with IFRS.

Three months ended:	Q3-14 Mar.31 2014 $	Q2-14 Dec.31 2013 $	Q1-14 Sept. 30 2013 $	Q4-13 June 30 2013 $	Q3-13 Mar.31 2013 $	Q2-13 Dec. 31 2012 $	Q1-13 Sept. 30 2012 $	Q4-12 June 30, 2012 $
Revenue	—	—	—	—	—	—	—	—
Income (loss)from operations	(102,044)	(37,505)	(11,331)	(24,782)	(7,754)	5,932	(22,582)	(102,096)
Net income (loss)	(102,044)	(37,505)	(11,331)	(24,771)	(7,754)	5,932	(22,582)	(102,096)
Income (loss) per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.01)

There were no significant variances to note other than:

- As described herein for the quarter ended March 31, 2014 and December 31, 2013 wherein the increases to administrative and general expenses was the result of increased business and research and development activities.
- The Company reported a net loss during the fourth quarter June 30, 2012 of $102,096 or $0.01 loss per share which primarily included accrual for audit fees of $35,000, consulting fees of $16,810 and recorded tax penalties of $21,576 regarding prior year tax filing which were offset against the GST (formerly HST) receivable of $17,404 in the prior year.

Liquidity and Capital Resources

As at March 31, 2014 the Company had working capital deficiency of $197,292. The Company's ability to continue its operations on a going concern basis is dependent upon its ability to raise additional financing through issuing debt or equity, and/or achieving profitable operations. The certainty and outcome of these matters cannot be predicted at this time.

As at March 31, 2014, the Company had cash and cash equivalents of $1,481 compared to $4,358 on June 30, 2013. For the period ended March 31, 2014 the Company's operating activities utilized cash of $2,877. The Company expects that it will continue to fund its operations primarily by the issuance of equity or debt securities.

On May 5, 2014 the Company completed a non-brokered private placement for 2,760,000 units ("Units"), at a price of $0.25 per Unit for aggregate gross proceeds of up to C$690,000. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will be exercisable by the holder to acquire one additional common share at a price of $0.50 for a period of twelve (12) months following the closing of the financing. The Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of $0.75 for any twenty consecutive trading-day period, subsequent to four months from Closing. In the event of an accelerated expiry, the expiry date will be the earlier of the regular 12 month expiry date and 30 days from the date the Company advises the placees of the accelerated expiry.

The completion of the recent financing rectified its working capital deficiency, and has reduced its trade payables and provided short term working capital to pursue future growth opportunities as noted hereinabove under *Overall Performance and Operations.*

Off-Balance Sheet Arrangements

As at March 31, 2014, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

a)
b) Payments

	March 31 2014	March 31 2013
Key management personnel compensation comprised :		
Consulting fees:	$37,050	$12,160

i) Consulting fees of $30,000 (March 31, 2014 - $Nil) were paid or accrued to Etoby Management Inc ("Etoby"). a company controlled by Craig Schneider, Chief Executive Officer and President of the Company;
ii) Consulting fees included $Nil (March 31, 2013 - $4,000) paid to the Company's former chief executive officer and president Darren Nichols.

iii) Consulting fees of $7,050 (March 31, 2014 - $8,160) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman, Chief Financial Officer and Secretary of the Company.

c) Related party liabilities:

Amounts due to:	March 31 2014	June 30 2013
Etoby	$31,500	$—
Minco	$19,634	$12,042
Corex Gold Corporation[1]	$27,532	$8541
Standard Graphite	$20,274	—
	$98,940	$20,583

[1] March 31, 2014 $27,532 (June 30, 2013 - $8,541) was due to Corex Gold Corporation a company with a common director and officer of the Company for advances and expenses incurred on behalf of Cannabis. The loan is non-interest bearing and due on demand.

[2] As at March 31, 2014 $20,274 (June 30, 2013 - $Nil) was due to Standard Graphite Corp. a company with a common officer of the Company for advances and expenses incurred on behalf of Cannabis. The loan is non-interest bearing and due on demand.

Financial Instruments and Risk Management

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

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 has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

The Company as at March 31, 2014 does not have any borrowings other than, related party advances for expenses incurred on behalf of the Company. These advances are non-interest bearing and due on demand. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represent the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company does not maintain any trade payables beyond a 30 day period to maturity where possible.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, other receivables and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Capital Management

The company monitors its cash, common shares and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The company is not exposed to any externally imposed capital requirements.

Outstanding Share Data

Cananbis's authorized capital is unlimited common shares without par value. As at the date of this report, 40,849,285 common shares were issued and outstanding. As at the date hereof there were no stock options or shares purchase warrants outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	*Exercise price*	*Expiry Date*
Stock Options	500,000	$0.255	April 4, 2019
Share Purchase Warrants	2,760,000	$0.50	May 1, 2015

As at the date of this report hereof there were 2,400,000 common shares held in escrow in relation to the BSI purchase agreement, noted hereinabove.

Commitments

The Company has no commitments as at March 31, 2014.

Risks and Uncertainties

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to Cannabis or that Cannabis believes to be immaterial may also adversely affect Cannabis' business.

Risks Related to the Company's Business

<u>The Company has a history of operating losses and may never achieve profitability in the future</u>*.*

The Company has been inactive for several years and, accordingly, it has not generated any business income in recent years. While the Company expects to bring in persons with significant experience in the medical marijuana industry, it has never been involved in this sector and has no previous experience with product sales and distribution networks.

The Company expects to be involved in research and development to identify and validate new therapies and drug targets that could become marketable. This process may take several years and require significant financial resources without income. The Company expects these expenses to result in continuing operating losses in the near future.

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract the experienced management and know-how to develop new drug candidates and to partner with larger, more established companies in the industry to successfully commercialize its drug candidates. Successfully developing pre-clinical or clinical drug candidates into marketable drugs may take several years and significant financial resources and the Company cannot assure that it can achieve these objectives.

<u>The Company will primarily be in a developing industry and will be subject to all associated regulatory risks.</u>

As a result, the Company's business must be evaluated in light of the problems, delays, uncertainties and complications encountered in connection with establishing a medical marijuana development business.

There is a possibility that none of the Company's drug candidates that may be under development in the future will be found to be safe and effective, that it will be unable to receive necessary regulatory approvals in order to commercialize them, or that it will obtain regulatory approvals that are too narrow to be commercially viable.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

<u>Clinical trials for potential drug candidates will be expensive and time consuming, and their outcome uncertain.</u>

Before the Company can obtain regulatory approval for the commercial sale of any drug candidate or attract major medical marijuana companies to collaborate with, it will be required to complete extensive clinical trials to demonstrate safety and efficacy. Clinical trials are expensive and are difficult to design and implement. The clinical trial process is also time-consuming and can often be subject to unexpected delays.

The timing and completion of clinical trials may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of materials for use in clinical trials; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of clinical trials due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites; slow rates of patient recruitment and enrollment; uncertain dosing issues; inability or unwillingness of medical investigators to follow clinical protocols; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after treatment, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during clinical trials; reliance on clinical research organizations to conduct clinical trials, which may not conduct such trials with good laboratory practices; or other regulatory delays.

The results of pre-clinical trials or initial clinical trials are not necessarily predictive of future favorable results.

Pre-clinical tests and initial clinical trials are primarily designed to test safety and to understand the side effects of drug candidates and to explore efficacy at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. Favorable results in early trials may not be repeated in later ones.

Protection of proprietary technology can be unpredictable and costly.

The Company's success will depend in part upon its ability to obtain patent protection or patent licenses for its future technology and products. Obtaining such patent protection or patent licenses can be costly and the outcome of any application for such can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent protection, thereby affecting the development and commercial value of the Company's technology and products.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. There can be no assurance that the licensing or other arrangements respecting the CDD, or applications thereof, sought to be obtained can be secured on favorable terms or otherwise, nor are there any assurances that sales or license revenues, if obtained, will be in sufficient quantities to make the business profitable. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, many of which will not only develop technology but also manufacture and sell similar products on a worldwide basis.

Uninsured or Uninsurable Risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position.

Conflicts of Interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that compete with our platform and services. Business opportunities for the Company may create circumstances in which outside interests of our directors and officers conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that our directors and officers may owe similar consideration to another organization(s). It is possible that these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company.

Dependence on Key Personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Patent & IP

The Company plans to acquire certain patents pending but cannot guarantee their approval or commercial viability.

Financial Liquidity

The Company has not yet generated meaningful revenue and will likely operate at a loss as it grows its user base and seeks ways to monetize that user base. We may require additional financing in order to execute our business plan. Our ability to secure required financing will depend in part upon on investor perception of our ability to create a successful business. Capital market conditions and other factors beyond our control may also play important roles in our ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to our management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that we feel the business requires, or unavailable on acceptable terms, we may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Financial Statements Prepared on Going Concern Basis

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the successful completion of financing and the creation of operations deemed successful according to the standards of our industry. In the social networking sector, profitability is one benchmark of success, as is obtaining a large and international user base. The Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our consolidated financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

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

Share Price Volatility and Speculative Nature of Share Ownership

The Company is listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which our shares trade, and the volatility of our share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward technology stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of our shares. The Company is a relatively young company that is not generating meaningful revenue and does not possess large cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed for the Company's shares.

Additional Information

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