VALDY INVESTMENTS LTD.
(A Capital Pool Company)

FORM 51-102FI
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED SEPTEMBER 30, 2021

The following management discussion and analysis for Valdy Investments Ltd. (“the Company”) is prepared as of November 5, 2021 and should be read together with the unaudited condensed interim financial statements for the nine-month period ended September 30, 2021 and related notes attached thereto (financial statements), which were prepared in accordance with the International Financial Reporting Standards (“IFRS”). The reader should also refer to the Company’s audited financial statements and accompanying notes for the year ended December 31, 2020.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information related to the Company is available for view on SEDAR under the Company’s profile at www.sedar.com.

Description of Business

Valdy Investments Ltd. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on August 22, 2018 and its registered office is at 4619 West 3rd Avenue, Vancouver, BC V6R 1N5. The Company completed its initial public offering (“IPO”) during fiscal 2019 and is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any concomitant transaction (“Qualifying Transaction”). The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction under the Exchange rules. During the period ended September 30, 2021, the Company has entered into a proposed transaction with a digital assets company as described below in the proposed transaction section that will not be approved by the Exchange and accordingly the Company will de-list from the Exchange and seek to relist on another exchange.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading. These 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 financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. Management estimates it has sufficient funds to operate for the next twelve months.

Proposed Transaction:

During the period ended September 30, 2021, the Company entered into a definitive securities exchange agreement (the “Original Securities Exchange Agreement”) dated March 31, 2021 with INX Limited (“INX”), a company incorporated under the laws of Gibraltar and the securityholders of INX (the “INX Securityholders”), whereby the Company proposed to acquire all of the issued and outstanding securities of INX (the "Transaction"). The Original Securities Exchange Agreement was amended by the Company, INX, PI Financial Corp. and Eight Capital entering into an Amendment to the Securities Exchange Agreement dated as of July 23, 2021 (the “Amendment”, and together with the Original Securities

Exchange Agreement, the “Amended Agreement”) to, among other things, extend the deadline for completion of the Transaction to January 24, 2022, subject to possible earlier termination. Subsequently, the Company, INX, PI Financial Corp. and Eight Capital entered into an Amended and Restated Securities Exchange Agreement dated as of November 3, 2021 (the “Amended and Restated Securities Exchange Agreement”) which replaced and superseded the Amended Agreement.

Following entry into the Original Securities Exchange Agreement, Valdy engaged with and made submissions to the Exchange with respect to the previously disclosed proposed Qualifying Transaction with INX. Following discussions with the Exchange, Valdy will not be able to complete the proposed Qualifying Transaction on the Exchange. Accordingly, the Company has entered into the Amended and Restated Securities Exchange Agreement and Valdy has applied to voluntarily delist its common shares from the Exchange, subject to approval by written consent from the majority of the minority shareholders of Valdy and approval of the Exchange.

Following delisting from the Exchange, Valdy intends to complete the Transaction with INX, whereby INX will become a wholly-owned subsidiary of the Company, and the combined entity (the "Resulting Issuer"), and apply to list the common shares of the Resulting Issuer on a recognized exchange (as defined under Canadian securities laws) other than the Exchange (the “Recognized Exchange”). The Transaction will result in a reverse takeover transaction with the current shareholders of INX controlling the Company. The Resulting Issuer will continue the business of INX, being creation of a global regulated hub for digital assets on the blockchain, offering technology and related services for both primary and secondary markets.

Valdy has not yet submitted any application for listing to a Recognized Exchange. Effective on delisting of the Valdy common shares from the Exchange, Valdy will cease to be a Capital Pool Company, certain escrowed securities held by Non-Arm's Length Parties to Valdy will be cancelled in accordance with Exchange Policy 2.4 and Valdy's escrow agreement, and any other securities remaining in escrow must be cancelled on the 10th anniversary of the delisting in accordance with the terms of the escrow agreement.

Following delisting from the Exchange, Valdy also intends to seek approval from its shareholders, in accordance with undertakings previously given to securities regulatory authorities, to use the Company's funds to pursue a transaction, such as the amended transaction with INX, that is not a Qualifying Transaction. Once this shareholder approval is obtained, and the other conditions for completion of the Transaction have been satisfied, Valdy and INX intend to complete the Transaction and subsequently complete a listing on the Recognized Exchange.

Prior to delisting from the Exchange, and subject to approval of a majority of the disinterested shareholders of Valdy and to approval of the Exchange, Valdy also seeks to amend its escrow agreement to provide for the immediate release of an aggregate of 500,000 shares held by arm’s length pro group members. If the requisite approvals are obtained, Valdy intends to amend the escrow agreement and have these shares released from escrow as soon as reasonably practicable and in any event no sooner than November 12, 2021 and prior to delisting from the Exchange.

In connection with the Transaction, INX completed an equity financing (the “Concurrent Financing”) on April 1, 2021, by way of a private placement of 31,680,000 subscription receipts (each, a “Subscription Receipt”) at $1.25 per Subscription Receipt for aggregate gross proceeds of $39,600,000. The Concurrent Financing was comprised of a brokered portion (the “Brokered Concurrent Financing”), pursuant to which up to 22,823,400 Subscription Receipts were issued, and a non-brokered portion (the “Non-Brokered Concurrent Financing”), pursuant to which up to 8,856,600 Subscription Receipts were issued.

Pursuant to the Brokered Concurrent Financing, a syndicate of agents led by PI Financial Corp. and Eight Capital (together, the “Co-Lead Agents”), and including Beacon Securities Limited and Cormark Securities Inc. (together with the Co-Lead Agents, the “Agents”) will be paid a cash commission equal to 6% of the gross proceeds of the Concurrent Financing, provided that a commission of 3% will be paid in respect of sales to identified investors agreed upon by INX and the Co-Lead Agents (up to a maximum of $5,000,000 of such sales) (the “President’s List Purchasers”). The Agents will also receive compensation options (the “Compensation Options”) exercisable into that number of Resulting Issuer shares as is equal to 6% of the total number of Subscription Receipts issued pursuant to the Brokered Concurrent Financing (3% in respect of Subscription Receipts issued to the President’s List Purchasers). Each Compensation Option will be exercisable at $1.25 per Resulting Issuer share for up to 24 months following closing of the Transaction. Pursuant to the Non-Brokered Concurrent Financing, the Agents will be paid a corporate finance fee equal to up to $664,245, and 531,396 finance warrants on terms equivalent to the Compensation Options

Immediately prior to closing of the Transaction (the “Closing”) and upon satisfaction of all conditions precedent to the Transaction, each Subscription Receipt will be automatically converted into a unit comprised of one ordinary share in the capital of INX (“INX Shares” and each such INX Share, an “INX Financing Share”) and one-half of one common share purchase warrant of INX (each whole warrant, an “INX Financing Warrant”), and the escrowed proceeds of the Concurrent Financing will be released to INX. Each INX Financing Warrant is exercisable into one additional INX Share for two years from closing of the Concurrent Financing at an exercise price of $1.88 per share

In addition, INX has obtained approval from its subscription receipt holders to extend the escrow release deadline for the $39,600,000 in proceeds raised by INX in connection with the Transaction. The deadline is extended from July 28, 2021 to November 25, 2021 with an option to extend to January 24, 2022 at the discretion of the co-lead agents. As of the date hereof, the Company has yet to receive conditional approval for the Transaction by a Recognized Exchange and there is no assurance that approval for the Transaction will be granted by the Recognized Exchange.

Prior to the Closing, the Company will consolidate its issued and outstanding common shares (the “Consolidation”) such that immediately prior to the Closing, there shall be outstanding no more than 3,844,743 common shares on a fully-diluted basis.

The Securities Exchange Agreement provides that, on the Closing, the Company will acquire all of the issued and outstanding securities of INX from the INX Securityholders by way of a securities exchange as follows:

i) the Company will issue to the former shareholders of INX up to 192,754,167 post-Consolidation common shares (each, a “Valdy Share” and each such Valdy Share issued as consideration, a “Valdy Consideration Share”) on a partially diluted basis, reflecting the exercise of the INX Legacy Warrants (as defined below). The Valdy Consideration Shares issued to holders of INX Financing Shares shall be issued on a 1:1 basis, and all other Valdy Consideration Shares will be issued on the basis of 10.4871348 Valdy Consideration Shares for each INX Share (the “Conversion Ratio”).

ii) the holders of outstanding options to purchase INX Shares (each, an “INX Option”) shall surrender for cancellation each INX Option held by them, and for each INX Option so surrendered, Valdy shall issue to such holder an option to acquire a post-Consolidation Valdy Share (each, a “Valdy Consideration Option”) having terms equivalent to the surrendered INX Option with respect to vesting conditions and expiry date, and adjusted pursuant to the Conversion Ratio in respect of exercise price and the number of Valdy Shares issuable upon exercise thereof;

iii) the holders of outstanding warrants to purchase INX Shares (each, an “INX Legacy Warrant”) shall surrender for cancellation each INX Legacy Warrant held by them, and for each INX Legacy Warrant so surrendered, Valdy shall issue to such holder an warrant to acquire post-Consolidation Valdy Shares (each, a “Valdy Consideration Warrant,”)having terms equivalent to the surrendered INX Legacy Warrant with respect to expiry date, and adjusted pursuant to the Conversion Ratio in respect of exercise price and the number of Valdy Shares issuable upon exercise thereof; and

iv) each of the warrants to purchase INX Shares issued pursuant to the Concurrent Financing (each, an “INX Financing Warrant”) shall, in accordance with its terms, become exercisable to purchase an equivalent number of post-Consolidation Valdy Shares at the same exercise price as the INX Shares to which such warrant was previously exercisable for. In connection with the Transaction, the Company will change its name to The INX Digital Company Inc., or such other name as is determined by INX.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including delisting of the Valdy Shares from the Exchange. This transaction will result in a reverse takeover transaction with the current shareholders of INX controlling the Company.

On Closing, the Resulting Issuer expects to enter into five year advisory agreements (each, an “Advisory Agreement”) with James Decker and Johnny Ciampi (each, an “Advisor”). Each Advisory Agreement will provide for the issuance of 1,000,000 immediately vesting options to purchase shares of the Resulting Issuer (each, an “Advisor Option”) under the Resulting Issuer’s stock option plan to the applicable Advisor, with 500,000 Advisor Options being exercisable at a price of $1.25 per share and 500,000 Advisor Options being exercisable at a price of $2.50 per share, and all Advisor Options expiring on the date that is five years from the Closing.

In connection with the Transaction, the Company has entered into a finder’s fee agreement with Peter Hough, pursuant to which the Company has agreed to issue 650,000 Valdy Shares (approximately 238,386 Valdy Shares on a post-Consolidation basis) to Mr. Hough on Closing subject to the approval of the Recognized Exchange.

Changes in share capital during the period ended September 30, 2021

On February 5, 2021, the Company completed a private placement, pursuant to which the Company issued 4,583,333 common shares at $0.06 per share for total proceeds of $275,000. The Company paid $2,231 in cash as share issuance costs relating to the private placement.

On April 27, 2021, the Company issued 250,000 common shares for warrants exercised for gross proceeds of $25,000.

On April 27, 2021, the Company issued 1,150,000 common shares for stock options exercised for gross proceeds of $103,750.

For the year ended December 31, 2020, the Company had no share capital transactions.

During the period ended September 30, 2021, the Company issued 450,000 stock options to officers and directors (being key management personnel) of the Company with an exercise price of $0.075 per share, at a fair value of $30,094. The weighted average fair value per option was $0.07. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 0.99%, a forfeiture rate of 0%, and volatility of 100%.

Overall Performance

As at September 30, 2021, the Company had $680,854 (December 31, 2020 - $425,298) in cash and working capital was $617,011 (December 31, 2020 – $402,650).

Nine months ended September 30, 2021 and 2020

The Company incurred a loss and comprehensive loss of $217,252 (September 30, 2020- $29,245) during the nine-month period ended September 30, 2021, which included professional fees of $163,151 (2020 – 19,706), share-based payments of $30,094 (2020 - $Nil) and transfer agent and filing fees of $23,886 (2020 - $9,539). The increase in loss is mainly due to increased legal services associated with the definitive agreement intended to constitute the Company's qualifying transaction.

Three months ended September 30, 2021 and 2020

The Company incurred a loss and comprehensive loss of $24,610 (September 30, 2020- $9,748) during the three-month period ended September 30, 2021, which included professional fees of $23,468 (2020 – $9,218), share-based payments of $Nil (2020 - $Nil) and transfer agent and filing fees of $1,142 (2020 - $530). The increase in loss is mainly due to increased legal services associated with the definitive agreement intended to constitute the Company's qualifying transaction.

Selected Annual Information

The following information is derived from the financial statements of the Company for the years ended December 31, 2020, 2019 and 2018.

	December 31, 2020 $	December 31, 2019 $	December 31, 2018
Loss and comprehensive loss	(49,321)	(156,973)	(15,022)
Basic and diluted loss per share	(0.01)	(0.05)	(0.07)
Total assets	425,298	460,824	92,478
Total liabilities	22,648	8,853	7,500

For the year ended, December 31, 2020 there is a decrease in loss and comprehensive loss compared to December 31, 2019. The decrease is due to the Company completing its initial public offering as a capital pool company on May 27, 2019 and incurring more professional fees relating to bring a company public.

Summary of Quarterly Reports

	Three Months Ended			
	September 30, 2021 $	June 30, 2021 $	March 31, 2021 $	December 31, 2020 $
Interest income	Nil	Nil	Nil	Nil
Net loss	(24,610)	(50,903)	(141,739)	(20,076)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.00)

	Three Months Ended			
	September 30, 2020 $	June 30, 2020 $	March 31, 2020 $	December 31, 2019 $
Interest income	Nil	Nil	Nil	Nil
Net loss	(9,748)	(5,634)	(13,863)	(8,156)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the period ended September 30, 2021, there was no compensation paid to key management.

During the year ended December 31, 2020, there was no compensation paid to key management.

During the period ended September 30, 2021, the Company issued 450,000 stock options to officers and directors (being key management personnel) of the Company with an exercise price of $0.075 per share, at a fair value of $30,094. The weighted average fair value per option was $0.07. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 0.99%, a forfeiture rate of 0%, and volatility of 100%.

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

As At	September 30, 2021 $	December 31, 2020 $
Cash	680,854	425,298
Payables	63,843	22,648
Working capital	617,011	402,650
Shareholders' equity	617,011	402,298

Net cash used in operating activities for the period was $145,963 (2020 – $23,908). This amount consists of a net operating loss of $217,252 (2020 - $29,245). Changes in non-cash working capital consists of a change in accounts payable and accrued liabilities of $41,195 (2020 – $5,337) and share-based payments $30,094 (2020 - $Nil).

There were no investing activities during the current and comparative period end.

The Company completed a private placement during the period ended September 30, 2021, net of share issuance costs of $272,769 (2020 – $Nil). The Company issued 250,000 common shares for warrants exercised for gross proceeds of $25,000. The Company issued 1,150,000 common shares for stock options exercised for gross proceeds of $103,750.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has sufficient funds to cover anticipated administrative expenses throughout the year. It will continue to focus on identifying and evaluating assets or a business to acquire which will serve as its Qualifying Transaction.

Financial Instruments and Risk Management

The following is the accounting policy for financial assets under IFRS 9:

Financial assets
The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company has classified its financial instruments as follows:

- Cash: FVTPL
- Trade payable and accrued liabilities: Amortized cost

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured as level 1 input. The carrying value of accounts payable and accrued liabilities approximates the fair value due to its short-term nature.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

Credit Risk

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had a cash balance of $680,854 to pay liabilities of $63,843.

Market Risks

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the period ended September 30, 2021, the Company held no financial instruments subject to significant foreign exchange or interest rate risks.

Capital Management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at year end, except as discussed below.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange Policy 2.4.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at September 30, 2021 or as at November 5, 2021.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number	Exercise Price	Expiry Date
Common Shares	12,983,333	n/a	n/a
Stock Options	Nil	n/a	n/a
Warrants	Nil	n/a	n/a

The Company has 3,650,000 common shares subject to an escrow agreement as at September 30, 2021. Whereby 10% of the shares will be released from escrow upon the completion of the Qualifying Transaction. An additional 15% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. Escrowed shares may be subject to cancellation if the qualifying transaction is not completed.

Critical Judgement and Estimates

The details of the Company's accounting policies are presented in Note 2 of the financial statements ended December 31, 2021. The accounting policies applied in preparation of the financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2020.

Management's responsibility for the financial statements

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of the statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Risks and Uncertainties

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Company was only recently incorporated and does not own any ongoing business operations and has no assets other than cash. The Company has not identified a proposed Qualifying Transaction and has not entered into an Agreement in Principle. There is no assurance that the Company will identify and successfully negotiate the acquisition of any potential corporations, properties, assets or businesses, or any interests therein, nor that any such opportunities or businesses acquired will be profitable. Moreover, additional funds may be required to successfully complete an acquisition, and the Company may not be able to obtain such financing or may not be able to raise sufficient funds to take a meaningful position in a potential target. If the acquisition is financed by the issuance of shares from the Company's treasury, control of the Company may change and shareholders may suffer additional dilution. The directors and the officers of the Company will only be devoting a portion of their time to the affairs of the Company. Potential conflicts of interest may result from the ordinary course of business of the Company and of the directors and the officers of the Company.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While COVID-19 has had minimal impact on the Company's operations to date, due to the Company's small workforce and ability to implement measures such as working remotely and implementing appropriate social distancing and cleaning regimes in its workplaces, the pandemic has caused significant uncertainty and turbulence in the capital markets. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or its ability to raise funds.

Outlook

The Company's current objectives are to identify and evaluate assets or a business to acquire which will serve as its Qualifying Transaction subject to shareholder and regulatory approval.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, all of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). Forward-looking information may include financial and other projections, as well as statements regarding future events, plans, objectives or economic performance, or the assumption underlying any of the foregoing. The use of any of the words "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions are intended to identify forward-looking statements.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. In evaluating these statements, the prospective purchasers should not place undue reliance on any such forward-looking information and should specifically consider various factors, including the risks outlined under 'Risk Factors'. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.