HALIO ENERGY INC.

(formerly TAD Mineral Exploration Inc.)

For the six months ended January 31, 2017

Management's Discussion and Analysis

Date of Report: April 3, 2017

The following discussion and analysis of our financial condition and results of operations for the six months ended January 31, 2017 should be read in conjunction with our financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to our Company's activities can be found on SEDAR at www.sedar.com

Disclaimer for Forward-Looking Information

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance, business prospects and opportunities such as our intended work programs on our existing property interests, our ability to meet financial commitments and our ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price for oil and gas, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding oil and gas exploration and development, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Nature of Business – Oil and Gas Properties

The Company has changed its business direction from acquiring and exploring mineral properties to investing in both conventional and unconventional oil and gas upstream and producing properties with strong upside, as well as the exploration and development of to-be-acquired properties. We will procure direct working interests on a non-operated basis as well as limited partnership, joint venture, and MLP interests. Our acquire-and-exploit strategy is focused on properties that show significant opportunities for future scalability, growth and consolidation, targeting assets that provide long-life, high-quality production with relatively predictable decline curves, as well as low-risk development opportunities.

On January 19, 2016, the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-ten-old basis, changed its name to Everest Ventures Inc., and changed its trading symbol to "EET".

On May 4, 2016, the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-three-old basis. On June 28, 2016, the Company changed its name to Halio Energy Inc., and changed its trading symbol to "HOL". On November 9, 2016, the symbol was changed to "HOIL". This management discussion and analysis reflects the share consolidations.

Overall Performance

Our Company has changed its business direction from acquiring and exploring exploration and evaluation assets to investing in North and South American-based oil and gas upstream and producing properties. Our Company's future performance is largely tied to the ability of our Company to acquire profitable oil and gas working interests, to generate revenues therefrom and to raise financing to support acquisitions. Our results will be affected by changes in the energy markets and the overall financial markets.

Uncertainty in credit markets, fluctuation in commodity prices and general economic downturns have led to increased difficulties in raising and borrowing funds. Thus, our Company may have difficulty raising equity financing without diluting the interests of current shareholders of our Company. See "Liquidity and Capital Resources" and "Risk Factors" for a discussion of risk factors that may impact our Company's ability to raise funds.

Information about our Company's commitments relating to our mineral properties is discussed above under "Nature of Business – Oil and Gas Properties".

Our Company has not generated revenues to date. Our Company's net comprehensive loss increased from $224,960 for the six months ended January 31, 2016 to $399,740 for the six months ended January 31, 2017.

Our Company's cash decreased from $93,549 as at July 31, 2016 to $44,046 as at January 31, 2017, and our working capital deficiency was $50,882 as at January 31, 2017 versus a working capital surplus of $38,652 as at July 31, 2016.

Our Company's current assets decreased from $120,952 as at July 31, 2016 to $63,037 as at January 31, 2017. Our Company's current liabilities increased from $82,300 as at July 31, 2016 to $113,919 as at January 31, 2017.

Additional information about the risks and uncertainties relating to our Company's business and financial performance is discussed below under "Risks and Uncertainties".

Summary of Results During Prior Eight Quarters

The following table sets out selected quarterly financial data for the eight most recently completed interim quarters:

	2017 Second	**2017 First**	**2016 Fourth**	**2016 Third**	**2016 Second**	**2016 First**	**2015 Fourth**	**2015 Third**
Revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Operating expenses	$(301,426)	$(98,314)	$(153,818)	$(198,380)	$(151,265)	$(90,825)	$(111,693)	$(95,556)
Loss before other items	$(301,426)	$(98,314)	(153,818)	$(198,380)	$(151,265)	$(90,825)	$(111,693)	$(95,556)
Loss per share (Basic and diluted)	$(0.01)	$(0.00)	$(0.029)	$(0.034)	$(0.027)	$(0.017)	$(0.021)	$(0.018)
Other items:								
Interest income	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Interest expense	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Unrealized gain (loss) on marketable securities	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$(3,500)
Realized gain on sale of marketable securities	$ Nil	$Nil	$Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Other income	$ Nil	$Nil	$13,296	$ Nil	$ 17,130	$ Nil	$ Nil	$ Nil
Write-down of mineral properties	$ Nil	$Nil	$(43,251)	$ (30,436)	$ Nil	$ Nil	$(3,752)	$(120,508)
Net comprehensive loss	$(301,426)	$(98,314)	$(183,773)	$(228,816)	$(134,135)	$(90,825)	$(115,445)	$(219,564)
Basic and diluted loss per share	$(0.01)	$(0.00)	$(0.036)	$(0.039)	$(0.024)	$(0.017)	$(0.022)	$(0.041)

Discussion of Operations

Three months ended January 31, 2017 compared to the three months ended January 31, 2016

Our Company did not generate any revenue for the three months ended January 31, 2017 and 2016. Net comprehensive loss increased from $134,135 for the three months ended January 31, 2016 to $301,426 for the three months ended January 31, 2017 due mainly to an increase in operating expense.

Total operating expenses were $151,265 for the three months ended January 31, 2016 compared to $301,426 for the three months ended January 31, 2017 mainly due to an increase in consulting, professional fees and an increase in management and directors' fees.

See "Nature of Business – Oil and Gas Properties" for a discussion of our mineral properties on a property by property basis, including our plans for our mineral properties, the status of our plans, expenditures made and the anticipated timing and costs to take our mineral properties to the next stage of the project plan.

See "Overall Performance" for a discussion of the commitments, events, risks and uncertainties that we believe will materially affect our Company's future performance and "Risks and Uncertainties" for a discussion of risk factors affecting our Company.

Liquidity and Capital Resources

Liquidity

As at July 31, 2016, we had $93,549 in cash and a working capital surplus of $38,652 as compared to cash of $44,046 and a working capital deficiency of $50,882 as of January 31, 2017. Our Company's current assets as at July 31, 2016 were $120,952 as compared to $63,037 as at January 31, 2017. Our Company's current liabilities as at July 31, 2016 were $82,300 as compared to $113,919 as at January 31, 2017. The increase was due to an increase in accounts payable and accrued liabilities.

Management believes that our Company's cash will not be sufficient to meet our working capital requirements, including our existing commitments relating to our mineral properties, in either the short term or long term. See "Nature of Business – Oil and Gas Properties" and "Overall Performance" for a discussion of our Company's commitments relating to our oil and gas properties. Our expenses are expected to increase as we explore our mineral properties further. Management does not expect our Company to generate sustained revenues from mineral production in the foreseeable future.

Our Company's ability to conduct the planned work programs on our oil and gas properties, meet our ongoing levels of corporate overhead and discharge our liabilities as they become due is dependent, in large part, on the ability of our management to raise additional funds as necessary. Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans or otherwise, to fund our Company's work programs on our mineral properties and ongoing operations. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of our Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Our Company has not generated revenue and our cash is limited which management believes increases the risk that our Company may not be able to meet its commitments as they become due. See "Risks and Uncertainties" for a discussion of other factors affecting our Company's liquidity.

Although we have secured financings in the past, there is no assurance that we will be able to do so in the future on terms that are favorable to our Company or at all. Our Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by a number of factors, including changes in commodity prices, market volatility and general economic downturns. See "Overall Performance" and "Risks and Uncertainties" for a discussion of risk factors that may impact our Company's ability to raise funds and that may impact our Company's liquidity.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful exploration of our mineral property interests, the identification of reserves sufficient enough to warrant development, successful development of our mineral property interests and, finally, achieving a profitable level of operations. Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report to our audited financial statements for the year ended July 31, 2016 our independent auditors included an explanatory paragraph regarding their substantial doubt about our ability to continue as a going concern.

Our Company has no long-term debt.

Capital Resources

We have the following commitments for capital expenditures with respect to our oil and gas properties:

On October 3, 2016, the Company signed a Farm-in Agreement to drill several high-priority oil and gas prospects in Oregon's Western Idaho Basin. The Company can earn a 50% working interest on an 80% net revenue interest basis in the project by spending $US 6 million including the cost of drilling three wells.

To meet these capital expenditure requirements, it is expected that funds will need to be raised through equity financings, shareholder loans or otherwise. Our Company's ability to raise additional funds is subject to a number of uncertainties and risk factors. See "Liquidity and Capital Resources – Liquidity".

See "Nature of Business – Oil and Gas Properties" for a discussion of our Company's capital expenditure commitments with respect to our oil and gas properties.

Operating Activities

During the six months ended January 31, 2017, operating activities used cash of $359,709 compared to $17,636 for the six months ended January 31, 2016. The use of cash for the six months ended January 31, 2016 was mainly attributable to our loss for the period of $224,960, offset mainly by non-cash accounts payable and accrued liabilities of $225,097. The use of cash for the six months ended January 31, 2017 was attributable to our loss for the period of $399,740, offset mainly by non-cash accounts payable and accrued liabilities of $31,619.

Management anticipates that operating activities will continue to require cash until our Company achieves profitable operations.

Investing Activities

During the six months ended January 31, 2017 our Company used $288,494 cash for investing activities (2016 - $1,750).

Financing Activities

During the six months ended January 31, 2017 Company received $598,700 cash for financing activities comprised of shares issued for cash and share subscriptions received (2016 - $18,000 loan proceeds received).

Changes in Accounting Policies

Accounting standards issued but not yet effective

We have reviewed new and revised accounting pronouncements that have been issued but are not yet effective. We have not early adopted any of these standards and are currently evaluating the impact, if any, that these standards might have on our condensed interim financial statements.

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual

cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRS 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transaction involving Advertising Service. The new standard is effective for annual periods beginning on or after January 1, 2018.

Off-Balance Sheet Arrangements

Our Company did not have any off-balance sheet arrangements as of January 31, 2017 and as of the date of this report.

Related Parties Transactions
Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Six months ended January 31, 2017	2016
Management fees to a company controlled by Charles Ross, a director	$ 81,000	$ -
Management fees to Conrad Clemiss, a former director	-	45,000
Consulting fees to Miodrag Andric, a director	67,000	-
Professional fees to Cindy Cai, former CFO	-	3,000
Director's fees, James Nelson a former director	4,200	$ -

Related party balances

As at January 31, 2017 and July 31, 2016 the Company's accounts payable and accrued liabilities included the following amounts due to related parties:

	January 31, 2017	July 31, 2016
Former director and private company controlled by the former director,	-	$1,259
Director for travel expenses	-	146
	$ -	$ 1,405

January 31, 2017 and July 31, 2016 the Company's prepaid expenses included the following amounts due from related parties:

	January 31, 2017	July 31, 2016
Due from Director, Miodrag Andric, for prepaid expenses	(9,548)	-
	$ (9,548)	**$ -**

Financial Instruments and Other Instruments

Our Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that our Company's current financial instruments will not be affected by interest rate risk, foreign exchange risk, credit risk and price risk. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Additional Disclosure for Venture Issuers without Significant Revenue

During the six months ended January 31, 2017 and 2016, our Company incurred expenses including the following:

	2017	2016
Operating expenses	$ 399,740	$ 242,090

Additional Disclosure of Outstanding Share Data

Common Shares

Our authorized share capital consists of an unlimited number of common shares without par value.

As at April 3, 2017, we had 25,002,315 common shares issued and outstanding. 21,250,000 shares are subject to escrow releasable on the following schedule:

Release date	Shares
June 3, 2017	250,000
September 3, 2017	250,000
December 3, 2017	250,000
March 3, 2018	250,000
June 3, 2018	250,000
June 3, 2019	20,000,000
	21,250,000

On May 4, 2016, the Company completed a consolidation of its issued and outstanding common shares on the basis of three pre-consolidation Shares for each post-consolidation Share.

On June 8, 2016, the Company completed a private placement consisting of the issuance of 22,000,000 units (each, a "**Unit**"), at a price of $0.07 per Unit on a post-Consolidation basis, to raise aggregate gross proceeds of $1,540,000 (the "**Private Placement**"). Each Unit is comprised of one post-Consolidation Share and one warrant (each, a "**Warrant**"), each of which will be exercisable into one post-Consolidation Share at a price of $0.09 per Share for 5 years from the date of issuance. A private Company acquired 20,000,000 Units of the Private Placement, resulting in a change of control of the Company. On Closing, the private Company held 82.2 % of the Shares on an undiluted basis.

On June 28, 2016, the Company completed a non-brokered private placement of 381,500 Units (the "Units") at a price of $0.50 per unit for gross proceeds of $190,750. Each Unit consists of one post-Consolidation common share of the Company and one transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one post-Consolidation Share at a price of $0.50 for a period expiring five years from the date of issuance.

On November 11, 2016, 50,000 options were exercised for gross proceeds of $7,500.

On January 27, 2017, the Company completed first tranche of private placement by issuing 85,000 shares for $102,000.

During February and March 2017, the Company completed private placements totalling 535,817 shares for gross proceeds of $642,980.

Stock options

As at April 3, 2017, we had no share purchase options outstanding and exercisable.

Share Purchase Warrants

As at April 3, 2017, we had 23,064,576 share purchase warrants outstanding. Each share purchase warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date	Escrow Release Date
401,343	$3.00	May 17, 2017	March 17, 2017
281,733	$1.50	August 20, 2018	June 20, 2018
22,000,000	$0.09	June 8, 2021	June 3, 2019
381,500	$0.50	June 28, 2021	-
23,064,576			

Risks and Uncertainties

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, we face a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that we intend to undertake on our properties and any additional properties that we may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by us in the exploration of our properties may not result in the discovery of any mineral deposits. Any expenditure that we may make in the exploration of any other mineral property that we may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful and or expensive exploration efforts. If the results of our exploration do not reveal viable commercial mineralization, we may decide to abandon or sell some or all of our property interests.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that our exploration activities will result in the discovery of any quantities of mineral deposits on our current properties or any other additional properties we may acquire.

We intend to continue exploration on our current properties and we may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. We can provide investors with no assurance that exploration on our current properties, or any other property that we may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent us from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If we are unable to establish the presence of mineral deposits on our properties, our ability to fund future exploration activities will be impeded, we will not be able to operate profitably and investors may lose all of their investment in our Company.

Because of the inherent dangers involved in mineral exploration and exploitation, there is a risk that we may incur liability or damages as we conduct our business.

The search for mineral deposits involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. At the present time we have no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on our financial position.

The potential profitability of mineral ventures depends in part upon factors beyond the control of our Company and even if we discover and exploit mineral deposits, we may never become commercially viable and we may be forced to cease operations.

The commercial feasibility of an exploration program on an oil and gas property is dependent upon many factors beyond our control, including the existence and size of mineral deposits in the properties we explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in our Company not receiving any return on invested capital. These factors may have material and negative effects on our financial performance and our ability to continue operations.

Oil and gas exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our Company.

Oil and gas exploration and exploitation activities are subject to federal, provincial, and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Oil and gas exploration and exploitation activities are also subject to federal, provincial, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Properties may also be subject to complex Aboriginal claims.

Environmental and other legal standards imposed by federal, provincial, or local authorities may be changed and any such changes may prevent us from conducting planned activities or may increase our costs of doing so, which would have material adverse effects on our business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages that we may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect our ability to carry on our business.

Because our property interests may not contain oil and gas reserves and because we have never made a profit from our operations, our securities are highly speculative and investors may lose all of their investment in our Company.

Our securities must be considered highly speculative, generally because of the nature of our business and our stage of explorations. We currently have exploration stage property interests which may not contain mineral deposits. We may or may not acquire additional interests in other mineral properties but we do not have plans to acquire rights in any specific mineral properties as of the date of this Management's Discussion and Analysis. Accordingly, we have not generated any revenues nor have we realized a profit from our operations to date and there is little likelihood that we will generate any revenues or realize any profits in the short term. Any profitability in the future from our business will be dependent upon locating and exploiting mineral deposits on our current properties or mineral deposits on any additional properties that we may acquire and subsequent development. The likelihood that any mineral properties that we may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. We may never discover mineral deposits in respect to our current properties or any other area, or we may do so and still not be commercially successful if we are unable to exploit those mineral deposits profitably. We may not be able to operate profitably and may have to cease operations, the price of our securities may decline and investors may lose all of their investment in our Company.

As we face intense competition in the mineral exploration and exploitation industry, we will have to compete with our competitors for financing and for qualified managerial and technical employees.

Our competition includes large established oil and gas companies with substantial capabilities and with greater financial and technical resources than we have. As a result of this competition, we may have to compete for financing and be unable to conduct any financing on terms we consider acceptable. We may also have to compete with the other oil and gas companies for the recruitment and retention of qualified managerial and technical employees. If we are unable to successfully compete for financing or for qualified employees, our exploration programs may be slowed down or suspended, which may cause us to cease operations as a Company.

We have a history of losses and have a deficit, which raises substantial doubt about our ability to continue as a going concern.

We have not generated any revenues since our date of inception and we will continue to incur operating expenses without revenues if and until we engage in commercial operations. Our accumulated loss as of January 31, 2017, was 5,663,499 since inception. We had cash in the amount of $44,046 as at January 31, 2017. We estimate our average monthly operating expenses to be approximately $30,000 each month. We cannot provide assurances that we will be able to successfully explore and develop our property interests. These circumstances raise substantial doubt about our ability to continue as a going concern, which was also described in an explanatory paragraph to our independent auditors' report on our audited financial statements July 31, 2016. If we are unable to continue as a going concern, investors will likely lose all of their investments in our Company.

Our future is dependent upon our ability to obtain financing and if we do not obtain such financing, we may have to cease our exploration activities and investors could lose their entire investment.

There is no assurance that we will operate profitably or will generate any positive cash flow in the future. We will require additional financing in order to proceed with the exploration and, if warranted, development of our properties. We will also require additional financing for the fees we must pay to maintain our status in relation to the rights to our properties and to pay the fees and expenses necessary to operate as a public Company. We will also need more funds if the costs of the exploration of our mineral claims are greater than we have anticipated. We will require additional financing to sustain our business operations if we are not successful in earning revenues. We will also need further financing if we decide to obtain additional mineral properties. We currently do not have any arrangements for further financing and we may not be able to obtain financing when required. Our future is dependent upon our ability to obtain financing. If we do not obtain such financing, our business could fail and investors could lose their entire investment.

Our directors and officers are engaged in other business activities and accordingly may not devote sufficient time to our business affairs, which may affect our ability to conduct operations and generate revenues.

Our directors and officers are involved in other business activities. As a result of their other business endeavors, our directors and officers will exercise their fiduciary duties and duty of care but nonetheless may not be able to devote sufficient time to our business affairs, which may negatively affect our ability to conduct our ongoing operations and our ability to generate revenues. In addition, the management of our Company may be periodically interrupted or delayed as a result of our officers' other business interests.

RISKS RELATING TO OUR COMMON STOCK

A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our ability to continue operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because a significant portion of our operations have been and will be financed through the continued sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to continue our current operations. If our stock price declines, we can offer no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations or become insolvent.

The market price for our common stock may also be affected by our ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of our common stock and our operations as a result.

Additional Information

We file annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at http://www.sedar.com.