Eyecarrot Innovations Corp.
(Formerly Nanton Nickel Corp.)
Management Discussion and Analysis
For the three months ended May 31, 2015

Introduction

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Eyecarrot Innovations Corp.'s, formerly Nanton Nickel Corp., ("the Company") consolidated financial statements for the three months ended May 31, 2015. This MD&A should be read in conjunction with the consolidated interim financial statements of the Company and the notes thereto for the three months ended May 31, 2015. The effective date of this report is July 30, 2015. The consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars which is the Company's functional and presentation currency. On August 28, 2012, the Company's common shares began trading on the TSX Venture Exchange under the trading symbol NAC. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Description of Business and Overview

The Company was a mineral exploration company involved in the identification, acquisition and exploration of mineral properties located in British Columbia. On February 3, 2014 and August 15, 2014, the Company announced it has entered into an asset purchase agreement for the acquisition of all of the assets, intellectual property, trademarks and copyrights of Wayne Engineering, an unincorporated sole proprietorship, the intellectual property and patents of Dr. Selwyn Super, and patents/trademarks of Eyecarrot Innovations Corp. (the "Acquisitions").

The Acquisitions will constitute a change of the Company's business transactions pursuant to the policies of the TSX Venture Exchange. The Acquisitions will be comprised of a combination of cash, shares and warrants, totaling US $328,000, 4,750,000 common shares and 500,000 warrants of Nanton. The Acquisitions are subject to approval by the TSX Venture Exchange, all necessary regulatory approvals and approvals of the shareholders. The Acquisitions have been completed on June 30, 2015 and deferred acquisition costs of $133,418 were recorded as at May 31, 2015.

Wayne Engineering is a company that has pioneered in the field of using the human-electronic interface to improve people's visual and neurocognitive performance. For forty-plus years this company has laid a foundation using technology to help people correct visual/neurocognitive problems and to develop high-grade binocular depth perception, to help slow readers read faster, and to help athletes use their eyes more precisely for better sporting performance.

On May 1, 2015 (the "Effective Date"), the Company completed its proposed plan of arrangement ("Arrangement") to spin-out the Murray Ridge (MR) Property to a newly incorporated wholly owned subsidiary company, 1031216 B.C. Ltd ("Spinco"). The purpose of the Arrangement is to preserve the interests of the shareholders in the Murray Ridge (MR) property following completion of the Acquisitions by transferring them to Spinco, a stand-alone corporate entity focused on the exploration and development of the Murray Ridge (MR) Property. Pursuant to the Arrangement, shareholders of the Company on record on the Effective Date will receive one common share of Spinco for every one common share of the Company that they own while retaining their shares of the Company.

Mineral Property

The Murray Ridge (MR) Property

A summary of exploration and evaluation costs is as follows:

Acquisition costs		
Balance, February 28, 2013	$	15,000
Exploration expenditures		
Balance, February 28, 2013		169,261
Mining exploration tax credit received		(12,675)
		156,586
Write-off of exploration and evaluation assets		(171,586)
Total acquisition and exploration Balance, February 28, 2014 & February 28, 2015	**$**	**-**
Exploration expenditures		
Reports		700
Total acquisition and exploration Balance, May 31, 2015	**$**	**700**

There were no exploration activities on the Murray Ridge (MR) property during fiscal 2014 and 2015. As the Company is shifting its focus from the mineral exploration sector to the technology sector, it has no intention to further pursue the development of this Property, and accordingly, during the year ended February 28, 2014, the exploration and evaluation assets of $171,586 were written off as a result of the Company's decision to cease the development of its mineral assets. During the three months ended May 31, 2015, the Company spent on exploration and evaluation assets $700.

Selected Annual Information

The following table sets forth selected audited financial information of the Company for the last three completed financial periods:

	February 28, 2015	**February 28, 2014**	**February 28, 2013**
Revenue	$Nil	$Nil	$Nil
Net Loss	($865,971)	($700,699)	($146,033)
Loss Per Share – basic and diluted	($0.05)	($0.05)	($0.01)
Total Assets	$174,979	$107,415	$581,651

The increase in net loss from 2013 to 2015 was due to the significant increase in costs, which includes consulting fees, management fees, professional fees and travel and promotion expenses, related to the potential transactions and change of business. In addition, the Company's impairment of its exploration and evaluation assets resulted in a write down of $171,586 during 2014.

Summary of Quarterly Results

The following table sets forth selected information from the Company's unaudited quarterly financial statements prepared in accordance with IFRS for the most recent eight quarters.

For the quarters ended:

	May 31, 2015	**February 28, 2015**	**November 30, 2014**	**August 31, 2014**
Total Revenue	$Nil	$Nil	$Nil	$Nil
Net Loss	($601,876)	($389,186)	($252,207)	($160,579)
Loss Per Share (Basic & Diluted)	($0.02)	($0.03)	($0.01)	($0.01)

	May 31, 2014	**February 28, 2014**	**November 30, 2013**	**August 31, 2013**
Total Revenue	$Nil	$Nil	$Nil	$Nil
Net Loss	($63,999)	($386,301)	($167,361)	($126,706)
Loss Per Share (Basic & Diluted)	($0.00)	($0.03)	($0.01)	($0.01)

Results of Operations

During the three months ended May 31, 2015, the Company's net loss was $601,876 compared to $63,999 in 2014. Professional fees increased from $35,288 in 2014 to $160,221, bank charges increased from $231 in 2014 to $6,829, management fees increased from $3,000 in 2014 to $55,850, office and rent increased from $7,626 in 2014 to $15,573, travel and promotion increased from $1,114 in 2014 to $51,115, registration and filing fees increased from $1,344 in 2014 to $15,645, software engineering and research costs increased from $Nil to $204,548, and consulting fees increased from $15,000 in 2014 to $82,655. The increase in most expenses was mainly due to the Company's effort in searching for suitable technologies to acquire as a mean to change business focus to become a technology development company and the completion of its plan of arrangement ("Arrangement") to spin-out the Murray Ridge (MR) Property to a newly incorporated wholly owned subsidiary company, 1031216 B.C. Ltd ("Spinco"), on May 1, 2015 (the "Effective Date"). Pursuant to the Arrangement, shareholders of the Company on record on the effective date will receive one common share of Spinco for every one common share of the Company that they own while retaining their shares of the Company.

Capital Resources and Liquidity

At May 31, 2015, the Company had cash of $2,757,867 (February 28, 2015 - $7,766) and working capital of $2,302,693 (February 28, 2015 – working capital deficit of $385,518). The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company was committed to paying US$328,000 for the Acquisitions. Management has evaluated the Company's alternatives to enable it to pay its liabilities as they become due and payable in the next twelve-month period, including reducing or postponing expenditures and obtaining additional financing in order to advance the proposed transaction. The Company believes it will raise additional equity to provide liquidity for it to continue as a going concern throughout fiscal 2016. Refer to Financing Activities.

On May 4, 2015, the Company completed the initial tranche of the private placement raising gross proceeds of $3,404,000 through the sale of 13,616,000 shares at a price of $0.25 per share. In relation to this initial trance, finders fees of $53,400 were paid in cash along with the issuance of 40,000 finder's warrants, each exercisable to acquire an additional common share of the Company at a price of $0.25 per share until May 4, 2017. Subscribers of the private placement were not entitled to receive Spinco shares pursuant to the Arrangement and the initial tranche was closed on the next business day following the completion of the Arrangement. A second tranche of the private placement is expected to be completed during 2015. The securities issued pursuant to the initial tranche of the private placement bear a four month hold period expiring on September 5, 2015. The proceeds from the private placement will be used primarily for the furtherance of the Company's business plan following the completion of its proposed Acquisitions, for general working capital, administrative expenses, and to pay the expenses of the Acquisitions and Arrangement.

The Company's cash and cash equivalents are highly liquid and held at a major Canadian financial institution.

	Increase (Decrease) in Cash & Cash Equivalents for the Three months Ended May 31, 2015 and 2014	
	2015	**2014**
Operating Activities	$ (539,589)	$ (17,171)
Investing Activities	(369,977)	-
Financing Activities	3,659,667	-
Total Change in Cash	2,750,101	(17,171)
Cash and Cash Equivalents, Beginning of the Period	7,766	64,192
Cash and Cash Equivalents, End of the Period	$ 2,757,867	$ 47,021

Operating Activities

Cash used in operating activities primarily consist of general and administrative expenditures. The $522,418 increase in the use of cash for operating activities for the three months ended May 31, 2015 is mainly attributable to the increased corporate activities related to the proposed technology transactions.

Investing Activities

The cash used in investing activities for the three months ended May 31, 2015 is largely attributed to the acquisition of intellectual properties in connection with the Acquisitions.

Financing Activities

The Company currently has no revenues from operations and has been dependent on equity financing to fund its operations. In the year ended March 31, 2015, the Company received $255,667 on the exercise of warrants

Cash from financing activities is chiefly attributed to the completion of the initial tranche of the private placement raising gross proceeds of $3,404,000 through the sale of 13,616,000 shares at a price of $0.25 per share.

Other transactions which affected the financing activity include the exercise of 2,556,667 warrants to acquire the same amount of common shares at the price of $0.10, $255,667, and the issuance of 550,000 shares to 2015 subscriptions, $55,000 during the three months ended May 31, 2015.

Management has been successful in accessing the equity markets in the current and prior periods, but there is no assurance that such sources will be available, on acceptable terms, or at all in the future. Factors which could impact management's ability to access the equity markets include the state of capital markets, market prices and market interest for the Company's new direction as a technology company.

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at their fair values as determined by management. Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management:

		May 31, 2015		May 31, 2014
Management fees	$	42,500	$	3,000
Professional fees		31,850		3,516
	$	**74,350**	**$**	**6,516**

As at May 31, 2015, $47,103 (February 28, 2015 - $178,631) is included in accounts payable and accrued liabilities owing to those directors for fees and expense reimbursements.

As at May 31, 2015, accounts receivable includes $8,338 (February 28, 2015 - $8,338) paid on behalf of Inbox Cube, a company that is under common control, for shared office costs.

Commitments

The Company is committed to payments for consulting fees over the next five years as follows:

2016	198,264
2017	161,449
2018	84,314
2019	48,000
2020	16,000
	508,027

The Company is committed to the issue of 350,000 stock options to a consultant upon the close of the Acquisitions with an exercise price of $0.25 per share.

Share Capital and Disclosure of Outstanding Share Data

As at May 31, 2015, the authorized share capital was an unlimited number of common shares and there were 37,794,800 common shares issued and outstanding (February 28, 2015: 21,072,133). As at the date of this MD&A, the Company had 48,768,800 common shares issued and outstanding.

Stock Options and Warrants

The following summarizes information on the number of stock options outstanding at May 31, 2015 and July 30, 2015:

Expiry Date	Exercise Price	Number of options
August 28, 2017	$ 0.15	500,000
Total		500,000

The remaining contractual life for the outstanding options at May 31, 2015 is 2.25 years (2014 - 3.25 years).

The following summarizes information on the number of warrants outstanding at May 31, 2015:

Expiry Date	Exercise Price	**May 31, 2015**	**May 31, 2014**
August 28, 2014	$ 0.15	-	101,200
September 9, 2014	$ 0.10	-	860,000
November 30, 2014	$ 0.10	-	4,393,332
April 17, 2015	$ 0.10	-	3,346,668
May 4, 2017	$ 0.25	40,000	-
		40,000	8,701,200

Outstanding share data

As at the date of this report, the Company's fully diluted shares outstanding is as follows:

Common shares	48,768,800
Options	500,000
Warrants	40,000
Fully diluted shares outstanding	49,308,800

As at May 31, 2015, 1,280,000 shares and 200,000 warrants are held in escrow.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions except for the transaction described in the Description of Business and Overview.

Subsequent Events

On June 30, 2015, the Company closed its previously change of business transactions (the "Acquisitions") by acquisition of (i) the business of Wayne Engineering Inc., (ii) certain assets of Dr. Selwyn Super and (iii) all of the issued and outstanding securities of Eyecarrot Innovations Corp. (a private Ontario company). The Acquisitions constitutes a change of the Company's business pursuant to the policies of the TSX Venture Exchange.

Pursuant to the Acquisitions, the Company acquired Wayne Engineering Inc., a sole proprietorship, for aggregate consideration of US$78,000 payable in cash and the issuance of 250,000 shares over time, of which 50,000 shares are issuable on May 4, 2016, 100,000 shares are issuable upon the Wayne assets achieving yearly gross sales of $250,000 and the final 100,000 shares are issuable upon the Wayne assets achieving 1,000,000 users of digital programs created from such assets. The Company also acquired certain patents and other intellectual property of Dr. Selwyn Super for aggregate consideration of US$250,000 payable in cash and the granting of a 2% gross royalty based on the annual revenues of the Company, royalty will have a six year term. Finally, the Company acquired all of the issued and outstanding securities of a private Ontario company (Eyecarrot Innovations Corp.) by issuing an aggregate of 4,500,000 common shares and 500,000 share purchase warrants, each such warrant being exercisable at a price of $0.25 per share until June 30, 2017.

On June 30, 2015, upon completion of the Acquisitions, John Walther and Anthony Jackson resigned as directors of the Company, though Mr. Jackson continued to act as the Company's Corporate Secretary and Chief Financial Officer. Dr. John Flanagan was appointed as a new director of the Company. Dr. Selwyn Super has been appointed as Chief Scientific Director and Dr. Patrick Quaid has been appointed as the Chief Scientific Officer - BV for the Company.

On July 10, 2015, the Company began trading as Eyecarrot Innovations Corp. under the symbol "EYC".

On July 15, 2015, Dr. Brent Norton M.D., M.B.A., ICD.D was appointed as President, CEO and Director of the company. Adam Cegielski will move to Chief Product Officer, and Director of the company.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position, and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates appear throughout the financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other relevant factors that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- accrued liabilities;
- the recognition of deferred income tax assets; and
- the assumptions used in the calculation of the fair value assigned to share-based payments and agent warrants.

Critical accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made.

New Accounting Standards Adopted

The Company has adopted certain standards and amendments issued by the IASB, as described below, for the period ended May 31, 2015.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Future Accounting Standards

The Company will be required to adopt certain standards and amendments issued by the IASB, as described below, for which the Company is currently assessing the impact on its financial statements:

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- **Hedge accounting**. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning March 1, 2018.

Financial Instruments

The Company has classified its cash as financial assets at FVTPL, and accounts payable and accrued liabilities, as other financial liabilities. The carrying value of accounts payable and accrued liabilities approximates fair value due to the short-term nature of this financial instrument. The types of risk exposure and the Company's methods of managing the risks remain consistent and are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

(i) Interest rate risk

The Company is not subject to significant interest rate risk with respect to its financial instruments.

(ii) Currency risk

The Company is not exposed to currency risk, as the majority of financial instruments and expenditures incurred by the Company are denominated in Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is not exposed to significant other price risk on its financial instruments.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

(c) 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 approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities, and through management of its capital structure. All of the Company's financial liabilities have contractual maturities of less than 90 days.

Risks and Uncertainties

The Company is currently in the process of changing its business from mineral exploration and development to technologies development. It has not commenced commercial operations and has no assets other than cash, GST/HST receivable, prepaid expenses and deposits, loan receivable and deferred acquisition costs. It has no history of earnings, and it is not expected to generate earnings or pay dividends in the foreseeable future.

During the year, the Company completed its plan of arrangement ("Arrangement") to spin-out the Murray Ridge (MR) Property to a newly incorporated wholly owned subsidiary company, 1031216 B.C. Ltd ("Spinco").

Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the mining industry. However, with the proposed transaction, the Company is transitioning to a technology development company. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Early Stages of Product Development and Uncertain Success
The Company is a development stage company and are in the early stages of developing their products and services. The Company has not yet successfully developed any of their products and services to the final completion stage. The Company may fail to develop any products or services, to implement their business model and strategy successfully or to revise their business model and strategy should industry conditions and competition change. The Company cannot make any assurances that any of the product candidates, if successfully developed, would generate sufficient revenues to enable it to be profitable. Furthermore, The Company cannot make any assurances that it will be successful in addressing these risks. If the Company is not, the Company`s business, results of operations and financial condition will be materially adversely affected.

Establishment of Sales and Marketing Capabilities of Enter into Agreements
The Company does not currently have an organization for the sales, marketing and distribution of software products and related services. The Company anticipates that it will seek to enter into strategic alliances, distribution agreements or other arrangements with third parties to market any products or services the Company develops. If the Company is unable to enter into such agreements, it would have to build sales, marketing, managerial and other non-technical capabilities and develop, train and or manage a sales force, all of which would cause the Company to incur substantial additional expenses. If the Company is unable to establish adequate sales, marketing and distribution capabilities, whether independently or with third parties, the Company may not be able to generate product revenue and may not become profitable.

Unproven and Developmental Nature of Technology
Because the Company`s software is and will be based on new technologies, it is subject to risk of failure. These risks include the possibility that:

(i) The Company`s new approaches will not result in any products or services that gain market acceptance;
(ii) The Company`s software will unfavourably interact with other types of commonly used software, thus restricting the circumstances in which it may be used;
(iii) Proprietary rights of third parties will preclude the Company from marketing a new product; or
(iv) Third parties will market superior or more cost-effective products or services.

As a result, the Company`s activities, either directly or through corporate partners, may not result in any commercially viable products or services.

Title to Assets
Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers, or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding

The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties

The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

General Economic Conditions
The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Substantial Volatility of Share Price
In recent years, the securities markets have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Potential Dilution of Present and Prospective Shareholdings
In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.