CryptoBlox Technologies Inc.

(formerly Extreme Vehicle Battery Technologies Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JULY 31, 2023

Prepared as of September 29, 2023

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This management, discussion and analysis is prepared as at September 29, 2023, and should be read in conjunction with the interim consolidated financial statements of CryptoBlox Technologies Inc. (formerly Extreme Vehicle Battery Technologies Corp.) (the "Company") the six months ended July 31, 2023. The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the accompanying notes thereto. Except as otherwise disclosed, all dollar figures included therein, and the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities, and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) obtaining enough customers, (3) market competition, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, (7) the Company's ability to protect proprietary rights, and (8) other factors beyond the Company's control.

Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The forward-looking statements contained herein are expressly qualified by this cautionary statement. Investors are cautioned against attributing undue certainty to forward-looking statements.

OVERVIEW

CryptoBlox Technologies Inc. (formerly Extreme Vehicle Battery Technologies Corp.) (the "Company") was incorporated under the laws of British Columbia on January 16, 2015. The Company's registered office is 6th floor 905 West Pender St., Vancouver, BC V6C 1L6.

The Company's principal business focuses on developing and implementing blockchain products and services for commercial use. The Company has acquired or developed the intellectual property for blockchain technology targeted at the financial services sector, the battery technology and electric vehicle sector, the phone and computer applications sector, and the cryptocurrency sector.

The Company recognized a gain from the dissolution of a subsidiary, GRT Technologies Inc. of $1,180,143 in the statement of loss and comprehensive loss for the year ended January 31, 2023.

On June 16, 2023, the Company entered into a Share Purchase Agreement (the "Agreement") with Red Water Acquisition Corp ("Redwater") to acquire 100% of the issued and outstanding shares of Redwater. In exchange for 100% of the total issued and outstanding shares of Redwater, the Company will issue 220,000,000 common shares of the Company (the "Consideration Shares") at a deemed price of $0.05 per Consideration Share to the shareholders of Redwater for a deemed transaction value of $11,000,000. The Consideration Shares were issued in tranches with 118,280,800 Consideration Shares were delivered to the shareholders on Redwater on June 29, 2023 upon closing of the Acquisition, and the remaining 101,719,200 Consideration Shares to be delivered upon the completion of certain milestones being met by Redwater pursuant to the terms of the Agreement. With the acquisition of Redwater Acquisition Corp. ("Redwater"), a modular air-cooled data center facility, powered by flared gas in Sturgeon County, Alberta, the Company has successfully implemented its first off-grid digital asset mining operation. The Company has secured plans to deploy up to 1 megawatt (MW) of capacity within Redwater with potential expansion plans of up to 3 MW over the next 18 to 24 months. The equipment acquired from Redwater consists of 133 units of Jpro

104 T.H. ASIC Miners at the cost and depreciation of this equipment will be computed using the 55% declining balance method.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information as prepared in Canadian dollars under International Financial Reporting Standards derived from the Company's most recently completed fiscal quarters since inception:

	July 31, 2023 $	**April 30, 2023 $**	**January 31, 2022 $**	**October 31, 2022 $**
Total Assets	14,799,432	3,845,879	3,879,209	10,033,183
Working Capital	(3,698,255)	1,445,360	1,514,596	1,653,140
Revenue	-	-	-	-
Net Loss before other income	(209,186)	(94,985)	(146,434)	(153,209)
Loss per Share – Continuing Operations	(0.00)	(0.00)	(0.00)	(0.00)
	July 31, 2022 $	**April 30, 2022 $**	**January 31, 2021 $**	**October 31, 2021 $**
Total Assets	10,299,401	10,442,841	10,690,169	10,440,142
Working Capital	1,699,026	2,027,682	2,522,207	1,328,103
Revenue	-	-	-	-
Net Loss – before other income	(336,945)	(520,821)	(14,602,233)	(939,892)
Loss per Share – Continuing Operations	(0.00)	(0.00)	(0.04)	(0.00)

Factors causing significant variations in quarterly results are as follows:

During the three months ended October 31, 2021, the Company earned revenue of $nil, and incurred operating expenses of $939,892 comprised mainly of consulting fees of $67,000, marketing and advertising expense of $1,077,205, professional fees of $85,953, research and development $244,558, and management fees of $36,766. The research and development expense of $328,164 and office and general admin of $15,963 were reported negative due to making adjustments for removing IONiX from consolidation financial statements.

During the three months ended January 31, 2022, the Company earned revenue of $nil, and incurred operating expenses of $14,602,233, comprised mainly consideration in excess of net assets acquired from acquisition of $13,758,065, consulting fees of $244,500, marketing and advertising expense of $379,357, professional fees of $81,391, director's fees of $4,067, office and general expense of $106,060.

During the three months ended April 30, 2022, the Company earned revenue of $nil, and incurred operating expenses of $520,821, comprised mainly of consulting fees of $156,000, professional fees of $74,884, advertising expense of $241,332, office and general expense of $22,017.

During the three months ended July 31, 2022, the Company earned revenue of $nil, and incurred operating expenses of $336,945, comprised mainly of marketing and advertising expense of $116,727, consulting fees of $75,000, professional fees of $86,452, office and general expense of $31,468.

During the three months ended October 31, 2022, the Company earned revenue of $nil, and incurred operating expenses of $153,209, comprised mainly of consulting fees of $60,000, marketing and advertising expense of $12,653, professional fees of $32,398, office and general expense of $16,761.

During the three months ended January 31, 2023, the Company earned revenue of $nil, and incurred operating expenses of $146,434, comprised mainly of consulting fees of $30,000, marketing and advertising expense of $4,110, professional fees of $50,369, and office and general expense of $37,158.

During the three months ended April 30, 2023, the Company earned revenue of $nil, and incurred operating expenses of $94,985, comprised mainly of consulting fees of $30,000, professional fees of $17,875, and office and general expense of $19,460.

During the three months ended July 31, 2023, the Company earned revenue of $nil, and incurred operating expenses of $209,186, comprised mainly of share-based compensation of $100,000, consulting fees of $30,000, professional fees of $32,273, and office and general expense of $9,681.

CASH AND WORKING CAPITAL

As at July 31 2023, the Company had working capital deficit of $3,698,255. 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 requires additional working capital to meet its primary business objectives over the next 12 months. Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on collections from outstanding receivables and loans, on the funding through future equity issuances and through short-term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

LIQUIDITY

As at July 31, 2023, the Company held assets totaling $14,799,432 consisting of $3,493 in cash, $419,424 in accounts receivable, $251,167 in loan receivable, $395,841 in GST/HST receivable, $2,055,000 in deposits and prepaid expense, $1 in short-term investments, $319,437 equipment and $710,278 in intangible assets-license and $10,660,562 in intangible asset in Red-water.

As at July 31, 2023, the Company had total liabilities of $6,807,410 comprised of $5,085,850 of obligation to issue shares, $1,050,933 of accounts payable and accrued liabilities, $11,708 of due to related parties, $600,000 payable for license acquisition, and $4,332 income tax payable, and $54,477 government CEBA loan.

As at July 31, 2023, the Company had working capital deficit of $3,698,255 as compared to working capital of $1,514,596 at January 31, 2023. During the six months ended July 31, 2023, the Company was able to raise $nil from exercise of stock options (2022-$15,000)

Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current position. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

CAPITAL RESOURCES

Cash used in operating activities during the six months ended July 31, 2023 totaled $5,599,946 (2022 – $677,787), which was attributed to the loss during the period of $297,108 (2022 – $893,542 loss) and the changes in the non-cash working capital items comprising an amortization of $63,063 (2022 – $50,000),intangible asset acquired in shares $10,660,562(2022-$nil), interest expense of $2,827 (2022 – $3,170), accrued interest income of $11,901 (2022-$nil), an increase of $100,000 in share based compensation (2022-$nil), a decrease of $4,838 in investment loss in associate (2022-$nil), an increase of $114,288 in accounts payable (2022-$481,802), an increase of $5,085,960 in obligation to issue shares , increase in debt settlement of $nil (2022-$2,933), a decrease in accounts receivable of $10,507 (2022 – an increase of $200,000), an increase of $6,858 in GST receivable (2022-$41,070) , and an increase in deposits and prepaid expenses of $5,000l (2022 – $116,855).

Cash generated from investing activities during the six months ended July 31, 2023 totaled $5,581,540 Which was attributed to acquisition of Red Water equipment of $332,500 and share issued for investment in Redwater share capital of $$5,914,040 (2022 – $nil).

Cash generated from financing activities during the six months ended July 31, 2023 totaled $nil (2022 – $15,000) Which was attributed to proceeds from the exercise of stock options.

The Company defines capital as the components of shareholders' equity. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended July 31, 2023, and the Company is not subject to externally imposed capital requirements.

The Company has not issued dividends to date and has no plans to pay dividends in the foreseeable future.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified the directors and senior officers as key management personnel. During the six- month period ending July 31, 2023, the Company incurred $100,000 expenses related to compensation and directors' fees as follows. On June 9, 2023, the Company issued 7,142,856 common shares to directors and officer of the Company as compensation for their 2022 directors and officers' fees. The shares were priced at $0.014 per share based on a 20-day volume weighted average price, resulting in a total deemed transaction value of $100,000 (2022- $nil).

a) On February 8, 2021, the board of directors approved directors' fees of $20,000 per annum, to be paid in the form of common shares of the Company. In addition to the directors' fees, directors will be entitled an additional $5,000 per annum for serving on the audit committee.

   On March 5, 2021, the Company appointed Maryam Amin Shanjani as its CFO. As part of a signing bonus, the Company issued 300,000 common shares of the Company on March 31, 2021.

   On October 20, 2021, Cedric Wilson and Tjalling DeJong resigned from their positions in the Company. The Company appointed Taryn Stemp to the board of directors the same day.

   On June 16, 2023, Bryson Goodwin resigned as Chief Executive Officer and director of the Company. The Company appointed Taryn Stemp as its Interim Chief Executive officer.

   On June 16, 2023, the Company appointed Akshay Sood to its board of directors.

   As at July 31, 2023, the directors of the Company were Akshay Sood, Victor Hiu-Fai Ho, and Taryn Stemp.

b) On August 13, 2020, the Company granted 3,900,000 stock options to related parties includes 2,700,000 to CEO and 1,200,000 to two former directors (each 600,000), exercisable at $0.01 for a period of three years. The option vested 25% upon grant day, 25% after 2 months, 25% after 4 months and 25% after 6 months. Fair value of options vested during year ended January 31, 2022 amounting to $583 (January 31, 2021 - $38,417) was recognized in the statement of loss and comprehensive loss.

c) On December 30, 2020, the Company granted 300,000 stock options to a director, exercisable at $0.05 for a period of three years. The options vested over a schedule of twelve months, starting with 25% after three months, 25% after six months, 25% after nine months, and 25% in twelve months. Fair value of the options vested during year ended Jan 31, 2022 amounting to $7,344 (January 31, 2020 - $1,439) was recognized in the statement of loss and comprehensive loss.

d) As at July 31, 2023, the Company owed $11,708 to related parties (January 31, 2023- $11,708). This amount includes $9,933 owed to former officers and directors and companies controlled by them (January 31, 2023 - $9,933). Also, payable expenses of $1,775 (January 31, 2023-$1,775) owing to a former director of the Company, which is unsecured, non-interest bearing, and due on demand.

SHARE DATA

Capitalization as of July 31, 2023, and September 29, 2023:

The Company is authorized to issue an unlimited number of common shares.

During the six months ended July 31, 203, there were share transactions as follows.

On June 12, 2023, the Company issued 7,142,856 common shares at a price of $0.014 for a deemed transaction value of $100,000 to the directors and officer of the Company for directors' fees for the year ended January 31,2023.

On June 29, 2023, the Company issued 118,280,800 common shares at a deemed price of $0.05 to Redwater shareholders for total consideration of $5,914,040 as part of consideration of Red Water acquisition.

As at July 31, 2023 and September 29, 2023, there are 664,055,092 common shares issued and outstanding.

Stock Options

As at July 31, 2023 and September 29, 2023, there are 2,700,000 and nil stock options outstanding respectively.

Share Purchase Warrants

As at July 31, 2023 and September 29, 2023, there are 34,686,800 and 30,186,800 share purchase warrants outstanding respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would require disclosure.

CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates include the useful life and amortization of property and equipment and intangible assets, measurement of share-based payments, and deferred income tax asset valuation allowances. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted new accounting standard IFRS 9 - *Financial Instruments*, effective for annual periods beginning on or after February 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date. The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - *Financial instruments: recognition and measurement*. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The Company continues to classify and measure its financial instruments at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL"), unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met for classifying and measuring at either amortized cost or fair value through other comprehensive income. Cash, and accounts receivable continue to be recorded at FVTPL. Accounts payable, amounts due to related parties, and notes payable are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

The Company has adopted new accounting standard IFRS 15 - *Revenue from Contracts with Customers*, effective for annual periods beginning on or after February 1, 2018 using the retrospective method of adoption. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The Company generates revenue from providing application programming interface ("API") services to its customers. The Company has reviewed its sources of revenue from proving API services using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from these sources as compared to the previous standards.

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued on January 13, 2016 and replaces the current guidance in IAS 17, *Leases* ("IAS17"). IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL AND OTHER INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee nor written risk management policies. The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at July 31, 2023, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, July 31, 2023 $
Cash	3,493	–	–	3,493

The fair values of other financial instruments, which include accounts receivable, short-term investment, accounts payable, notes payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. The Company limits exposure to credit loss by placing its cash with high credit quality financial institutions. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to currency risk from assets and liabilities denominated in US dollars. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management believes that the risk from fluctuations in foreign exchange rates is not significant.

(d) 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 currently settles its financial obligations with cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Liquidity risk is assessed as high.

(e) Classification of financial instruments

Financial assets and liabilities included in the consolidated statement of financial position are as follows:

	July 31, 2023 $	January 31, 2023 $
Financial assets classified as fair value through profit or loss:		
Cash	3,493	21,683
Deposit and prepaid expenses	2,050,000	2,050,000
Accounts receivable	403,653	414,160
Loan receivable	251,167	239,266
GST/ HST receivable	395,841	388,983
Non-derivative financial liabilities:		
Trade payables	1,050,933	936,645
Due to related parties	11,708	11,708
Income tax payable	4,332	4,332
Current liability on license acquisition fee	600,000	600,000
Loan Payable	54,477	51,650
	1,721,450	1,604,335

SUBSEQUENT EVENTS

On May 29, 2023, 17,805,000 share purchase warrants with an exercise price of $0.0083 expired.

On August 4, 2023, Taryn Stemp stepped down from interim Chief Executive Officer and Corporate Secretary.

On August 4, 2023, the Company appointed Akshay Sood as Chief Executive Officer.

On August 14, 2023, 4,500,000 share purchase warrants with an exercise price of $0.0167 expired.

On August 14, 2023, 2,700,000 stock options with an exercise price of $0.01 expired.

On August 25, 2023, Taryn Stemp resigned as director.

On August 25, 2023, the Company appointed Rahim Teja as its director.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the six months ended July 31, 2023, the Company generated revenue of $nil from operations.

During the six months ended July 31, 2023, the Company incurred professional fees of $50,148, consulting fees of $60,000, and office and general expense of $29,141.

DISCLOSURE OF INTERNAL CONTROLS

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISK FACTORS

Our ability to generate positive cash flow is uncertain.

To rapidly develop and expand our business, we have made significant up-front investments in our manufacturing capacity and incurred research and development, sales and marketing and general and administrative expenses. We have had negative cash flow in multiple fiscal periods in our recent history and we may continue to have negative cash flow in the future as we continue to incur debt service costs, increased research and development, sales and marketing, and general and administrative expenses, as well as acquisition expenses. Our business will continue to require significant amounts of working capital to support our growth. Therefore, we may not achieve sufficient revenue growth to generate positive future cash flow and may need to raise additional capital from investors or other finance sources to achieve our future growth. An inability to generate positive cash flow for the foreseeable future or raise additional capital on reasonable terms may decrease our viability.

We believe that our future success will depend in large part on our ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with our key customers and experienced in the battery industry. Industry demand for such employees, especially employees with experience in battery chemistry and battery manufacturing processes, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. This competition will intensify if the advanced battery market continues to grow, possibly requiring increases in compensation for current employees over time. We compete in the market for personnel against numerous companies, including larger, more established competitors who have significantly greater financial resources than we do and may be in a better financial position to offer higher compensation packages to attract and retain human capital. We cannot be certain that we will be successful in attracting and retaining the skilled personnel necessary to operate our business effectively in the future. Because of the highly technical nature of our batteries and battery systems, the loss of any significant number of our existing engineering and project management personnel could have a material adverse effect on our business and operating results.

We have had a history of losses, and we may be unable to achieve or sustain profitability.

We have never been profitable on an annual basis. We expect to incur expenses as we continue to develop and expand our business and our manufacturing capacity. We may incur significant losses in the future for a number of reasons, including the risks described in this MD&A, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. Accordingly, we may not be able to achieve or maintain profitability.

The Definitive Agreements between the Company and its customers are subject to risks.

The definitive agreements between the Company and its customers (collectively the "Contracts") are subject to a number of risks, including: (i) no sales are assured under the Contracts and no firm irrevocable commitments have been obtained by the Company under the Contracts or if firm irrevocable commitments are obtained the customer may not honour such commitments or may seek to re-negotiate or defer such commitments; (ii) most of the Contracts do not provide for a minimum contracted volume, and therefore, the Company is subject to the requirements of its customers as to if, as and when and in what volume they wish to ultimately purchase; (iii) the Company's estimation of revenue is calculated based on the expectations and forecasts for orders during the life of the contract provided to the Company by the customers (the "Estimates") which orders are solely at the discretion of the customers - accordingly the actual revenues of the Company under the Contracts could be materially less than initially estimated as the Contracts are not, unless otherwise disclosed by the Company, "take or pay' nor do they provide for a minimum contracted volume; (iv) the Estimates constitute forward-looking information and the Company does not have knowledge of (X) the material factors or assumptions used by the customers to develop the Estimates or of their reliability, or (Y) the ability to monitor the performance of the business of the customers in order to confirm that the volumes initially represented by them in the Estimates remain valid; and (v) if the Estimates do not remain valid, or if firm irrevocable orders are not obtained, the potential estimated revenues of the Company could be materially and adversely impacted.

Letters of Intent and Memoranda of Understanding Entered into by the Company are non-binding and no definitive agreements may be executed.

Non-binding Memorandum of Understandings ("**MoUs**") entered into by the Company are subject to a number of risks including: (i) the arrangements are still in the negotiation phase and there is no assurance a definitive agreement will be reached or if reached, such agreement will be on the same terms as disclosed in the MoU, (ii) product specifications have not yet been agreed and thus the Company cannot enter into a definitive agreement nor commence deliveries until the product specifications are agreed and a definitive arrangement is signed; (iii) no sales are assured under the MoUs and no firm irrevocable commitments have been obtained from the potential customer; and (iv) the MoUs and any definitive agreement entered into in furtherance thereof, may be subject to the same risk factors as the Contracts.

Our strategic plan includes growth, which it may not be able to manage effectively.

If the Company fails to manage growth successfully, it could experience delays, cost overruns or other problems. Similarly, the Company is in a specialized industry where qualified, key personnel may be difficult to retain or replace on a cost-effective basis.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our shares adversely, our share price and trading volume could decline.

The trading market for our common shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our shares adversely, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

Our share price may be volatile

The market price of our common shares could be subject to significant fluctuations, and it may decline below the price at which you purchased it. Market prices for securities of early-stage companies have historically been particularly volatile. As a result of this volatility, you may not be able to sell your common shares at or above the price you paid. Some of the factors that may cause the market price of our common shares to fluctuate include:

- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- fluctuations in our recorded revenue, even during periods of significant sales order activity;
- changes in estimates of our future financial results or recommendations by securities analysts;
- failure of any of our products to achieve or maintain market acceptance;
- product liability issues involving our products or our competitors' products;
- changes in market valuations of similar companies;
- success of competitive products or technologies;
- changes in our capital structure, such as future issuances of securities or the incurrence of debt;
- announcements by us or our competitors of significant services, contracts, acquisitions or strategic alliances;
- regulatory developments in Canada, the United States or foreign countries;
- litigation involving us, our general industry or both;
- additions or departures of key personnel;
- investors' general perception of us and our business; and
- changes in general economic industry and market conditions.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common shares could decline for reasons unrelated to our business, financial condition or results of operations. The occurrence of any of the foregoing, without limitation, could cause the trading price of our shares to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common shares in the foreseeable future. Consequently, investors may need to rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common shares.