SPRYLOGICS INTERNATIONAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the periods ended April 30, 2015 AND 2014 as at June 29, 2015

Introduction

The following Management's Discussion and Analysis ("MD&A") covers the operations, financial position and operating results of Sprylogics International Corp. (the "Company" or "Sprylogics") for the 3 month periods ended April 30, 2015 and 2014, and updates information from the Company's fiscal 2014 MD&A, and is intended to help readers better understand operations and key financial results, as they are, in our opinion, at the date of this report. The MD&A has been prepared in accordance with National Instrument 51-102F1, Continuous Disclosure Obligations – Management's Discussion & Analysis, and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended April 30, 2015 and April 30, 2014 and the accompanying notes which have been prepared under IFRS. These interim unaudited condensed consolidated financial statements have been reviewed by the Audit Committee of the Company and have been approved by its Board of Directors. Additional information relating to the Company is available on SEDAR at www.sedar.com, as well as the Company's Web site at www.sprylogics.com.

Historically, Sprylogics prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting under IFRS in its April 30, 2011 unaudited interim consolidated financial statements. The financial statements for the years ended April 30, 2014 and 2014 have been prepared under IFRS.

These statements are essentially forward-looking and are subject to risks and uncertainties, as described in the "Risks and Uncertainties" section, below. Actual results, levels of activity, performance or achievements could differ materially from those projected, discussed or contemplated herein and are dependent upon on a number of factors, including the successful and timely completion of research and development initiatives, the uncertainties related to the market acceptance, and the commercialization of our products thereafter.

Consolidation and Presentation

The interim unaudited condensed consolidated financial statements of the Company comprise the accounts of Sprylogics International Inc. ("SII"), Devesys Technologies Inc. ("DTI") and Poynt Inc., the Company's wholly-owned subsidiaries. DTI was incorporated on January 19, 2007 in the United States of America pursuant to the laws of the state of Delaware. Poynt Inc. was incorporated on December 13, 2012 in Canada and pursuant to laws of the province of Ontario. Poynt was acquired on July 31, 2013 and therefore has effect on the Interim Condensed Consolidated Statement of Loss and Comprehensive Loss for the periods ended April 30, 2015 and 2014.. In addition, the assets and liabilities have been consolidated in the Statement of Financial Position at January 31, 2015 and April 30, 2015. The Company presents its interim unaudited condensed consolidated financial statements in Canadian dollars, which is the Company's functional currency, which includes the accounts of DTI translated into Canadian dollars as well as certain account balances from Poynt Inc., translated into Canadian dollars. All significant intercompany accounts and transactions are eliminated. Unless otherwise noted, all financial information in this MD&A is presented in Canadian dollars.

Effective September 4, 2013 the Company consolidated its common shares issuing 1 new common share for every 10 old common shares. The current issued and outstanding common shares at June 29, 2015 are 41,959,919. All issuances of common shares, stock options, share purchase warrants, and earnings per share in current and previous accounting periods presented herein, have been adjusted retroactively to reflect this share consolidation.

SELECTED FINANCIAL INFORMATION FOR THE PERIOD

The following table provides selected consolidated financial information for the Company as at and for the 3 month periods ended April 30, 2015 and 2014

	As at and for the 3 month period ended April 30, 2015 $	As at and for the 3 month period ended April 30, 2014 $
Total assets	5,538,522	3,797,157
Total liabilities	1,201,478	1,559,588
Revenue	316,873	595,601
Total expenses	1,539,039	1,510,765
Amortization of intangible assets	81,250	81,250
Interest and accretion on debentures	54,418	23,764
Interest earned	-	1,669
Net and comprehensive loss	(1,222,166)	(913,495)
Basic and diluted loss per share	(0.03)	(0.03)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following MD&A of the results of operations and financial condition of the Company are based on and derived from and should be read in conjunction with the interim unaudited condensed consolidated financial statements and notes to the financial statements for the 3 month periods ended April 30, 2015 and 2014.

Caution regarding forward-looking statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating shareholder value; its ability to meet its operating costs for the fiscal 3 month period ended April 30, 2015; the plans, costs, and timing for future research and development of the Company's current and future technologies, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility the Company's products; and general business and economic conditions.

By their nature forward-looking statements are subject to known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among other things, the Company's stage of development, long-term capital requirements and future ability to fund operations, future developments in the Company's markets and the markets in which it expects to compete, risks associated with its strategic alliances and the impact of entering new markets on the Company's operations. Each factor should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. See "Risk Factors."

The Company disclaims any intention or obligation to update or revise these forward-looking statements, resulting from new information, future events or otherwise.

Outlook and Growth Strategy

Sprylogics International Corp. is a technology provider of semantic search, machine learned language and Natural Language Processing ("NLP"). The Corporation's technology platform, "Cluuz" uses Semantic and Machine Learning techniques to process, analyze and interpret massive volumes of aggregated data in order to extract key sentiments, facts, opinions, user interests and intents.

Originally, in 2008, the desktop version of the "Cluuz" platform was launched as a prototype of a "next generation" search engine platform that returns better results than traditional search engines by going beyond simply listing links. Subsequent to launching "Cluuz", the Corporation undertook a strategic review process with the objective of identifying commercial opportunities related to the core technologies demonstrated in the desktop prototype. The process, which included detailed discussions with the Corporation's current and prospective customers, as well as industry experts and analysts, led to a comprehensive analysis and evaluation of the current market opportunity, the Corporation's core technology strengths, the competitive environment, as well as the emerging trends in search, discovery, advertising and commerce.

Sprylogics Consumer Applications

Sprylogics Consumer Applications is focused on delivering the customer facing mobile applications, specifically in its area of expertise; search and semantics. To that end the Corporation's has built a new real-time social media search app in the sports vertical called BreakingSports. In addition to BreakingSports the Company continues to grow Poynt application previously acquired in July 2013, which is an established recognizable worldwide search app.

BreakingSports aims to offer the fastest news delivery to sports fans around the world. Developed throughout the 2014 calendar year and officially launched on February 23, 2015, BreakingSports tracks social media in real-time for significant sports information and events and distributes summarized information through real-time push notifications to consumers. By utilizing advanced artificial intelligence techniques, BreakingSports can detect events as they happen and as they are announced in social media, determine nature of the events, attribute events to participants, summarize source articles, index the underlying information, provide search of events and articles and send alerts to fantasy players, sport fans and enthusiasts.

The Poynt App is purpose built for targeted local search and has a rich and popular history with mobile smart phone users, having been downloaded more than 20 million times worldwide, across 5 mobile platforms. The addition of Poynt has enabled the Corporation to integrate its advanced search and semantic technology and overlap and complement its SDK research and development for local search with a Poynt Enabled version of the SDK. The Consumer Applications Team seeks to further commercialize some of Sprylogics' established technology (specifically, the Cluuz Platform) to address market opportunities that help solve real world problems for consumers through its search and semantic solutions.

Sprylogics continues to market its existing products and services of its subsidiary, DTI, and is actively pursuing opportunities to monetize, via licensing and/or advertising, its Sprylogics Platform and Consumer Applications initiatives.

Sprylogics Platform Solutions

Sprylogics Platform Solutions involve the licensing of core search, semantic, and data acquisition technology to enterprise and consumer solution providers in multiple business verticals.

Currently, the primary focus of the Platform Solutions team is the licensing of the Search Software Development Kit (SDK) to mobile messaging providers. This product is called “Poynt-Enabled SDK.”

The Poynt-Enabled SDK enables messaging applications to integrate search experiences directly within their messaging clients, and Sprylogics licenses it to partners on the basis of an advertising revenue share model. While Google accounts for approximately 20% of time spent on mobile devices, it currently captures almost 50% of advertising spend. Conversely, other apps (excluding Facebook) collectively account for almost two-thirds of time spent on mobile devices but capture only one-third of advertising spends. The goal of Poynt-Enabled SDK is to exploit this large, untapped inventory of intent within messaging and other mobile apps. It is the Corporation's belief that there is a massive opportunity as a first mover in this nascent multi-billion dollar industry.

Currently, there are more than 20 billion mobile messages sent each day. Approximately 35% of these messages contain "monetizable" content with intent. By comparison, Google processes approximately 5 billion search queries a day for over $50 billion in revenue. We note that worldwide mobile internet advertising spending is expected to grow from US$18 billion in 2014 to US95 billion by 2018, an annual growth rate of 40% (eMarketer, March 2014).

In addition to the Poynt-Enabled SDK, the Sprylogics Platform business includes: (1) Sprylogics' proprietary semantic and natural language processing technology, which can be customized to analyze big data sets; and (2) DTI, its subsidiary company that develops case management, tracking and reporting systems for Fortune 500 and other companies. DTI's expertise in case tracking issues and related industries has won strong praise from the ethics and compliance marketplace. DTI's product line comprises TrakBasic (R), TrakEnterprise(R), and TrakWeb(TM).

The Corporation continues to explore new and beneficial ways to exploit and deploy its existing technologies and IP with strategic partnerships and projects.

BreakingSports App

Since 2007, Sprylogics has been developing natural language, machine learning and semantic search technologies first used in its Cluuz search engine, voted as one of the top 50 real-time search engines and one of the top 10 semantic search engines. The latest advancements in the Corporation's real-time NLP, enabled by recent breakthroughs in deep-learning, is showcased in its latest product, the BreakingSports App (or “BreakingSports”). This app is taking aim at a massive high growth fantasy sports industry with interest across the globe.

Utilizing the Corporation's proprietary semantic technology, the BreakingSports App aims to offer the fastest news delivery to sports fans around the world. Launched on February 23, 2015, BreakingSports tracks social media, in real-time, for significant sports information and events and distributes summarized information through real-time push notifications to consumers. By utilizing advanced artificial intelligence techniques, BreakingSports can detect events as they happen and as they are announced in social media, determine nature of the events, attribute events to participants, summarize source articles, index the underlying information, provide search of events and articles and send alerts to fantasy players, sport fans and enthusiasts.

Compared to other similar products, BreakingSports has the differentiated advantage of not requiring human intervention when detecting and generating alerts, thereby enabling faster delivery of relevant information. Through a simple-to-use interface, BreakingSports users specify what teams and players they are interested in as well as what type of events they care about, such as injuries, roster moves, line-up changes, statistics, rumours and more.

In addition to tracking social media, BreakingSports analyzes statistical and play-by-play information to auto-generate news, updating users on important facts that might not be covered through traditional sports or social media. Users are able to review news in a familiar feed/stream interface and as search results, both of which are ideally suited for monetization through native advertising. Other monetization options include freemium models, with upgrades to subscribe to more teams and topics and/or ad-free streams. While the current real-time semantic processing pipeline understands North American football, basketball, baseball, hockey and race car driving, it can, and will be easily configured to include other sports moving forward, as well as potentially other categories of information, ushering the era of real-time news subscription for any topics of choice.

One of the biggest problems faced by today's mobile world is search and discovery. As a platform/network grows, so does the amount of content, which makes it increasingly difficult for consumers to find the information they want. BreakingSports allows users to subscribe to their favorite teams and players so that they never miss a beat. Whether it is a headline, injury, trade, or scoring alert, BreakingSports users are the first to know.

BreakingSports delivers the fastest breaking sports news and alerts to users by integrating social media sourced updates. Through specialized algorithms, BreakingSports taps social media for the latest sports news and delivers it to users in a fully automated real time manner.

Additional BreakingSports App features include:

- News Feed – View news feed for personalized subscriptions;
- Filter Alerts – Select which type of news is most important to you, from injuries to rumors;
- League News – View and search news by league for the latest updates;
- Scores – Follow current and upcoming games via the game calendar for in-game alerts;
- Player Stats – View game and season stats in player profiles;

- Individual News – Access team or player specific news by selecting them from your customizable subscription list; and
- Share – Send friends links to important updates via email or text.

Sports Fantasy Marketplace

More than 33 million Americans take part in fantasy sports, spending an average of $111 per year on league-related costs. That amounts to about $3.6 billion in spending (The Atlantic, Sept 2013). Over the past 10 years, fantasy sports services have experienced explosive absolute growth of 241%. Fantasy sports service firms will continue cashing in on the general move toward more mobile content, which will help bring revenue up at an annualized rate of 7.6% over five years to 2018 (FSTA, May 2014). The biggest drivers behind Fantasy Sports growth are the proliferation of mobile apps that make joining and following fantasy leagues easier; growth in non-traditional fantasy sports like auto racing, soccer and golf; and making more money from female players, who currently comprise 25% of the market but only 10% of the associated spending. (Forbes, July 2012). Sprylogics believes that sports information providers who find a way to cater to this growing demographic will be well situated.

The Poynt App Strategy

The Poynt App is a convenient and timesaving GPS-enabled application that connects consumers to local businesses, restaurants, events and movie theatres at the moment they want to buy or acquire products or services. The Poynt App gives consumers the ability to move beyond discovery of their local area to view movie trailers and show times, book dining reservations, view directions on a map, click-to-call the business or view their website. The system is designed to make searching for local products/services/merchants quick and easy.

The differentiators that position Poynt as the leading mobile local search application include being deeply integrated into the native applications and capabilities of each device platform. This includes integration into contacts by adding addresses directly from within the Poynt App, adding calendar entries for dinner reservations and movie tickets, providing directions on a map and delivering results to friends or colleagues via email. The Poynt App also integrates with voice activation, virtual reality and gesture calling.

The Poynt App offers the user a unified experience making the application easy to use. Whether a user is searching for businesses by keyword or category; finding movies by title, genre, nearest or "Top 10"; discovering restaurants nearby by name or cuisine—the Poynt App's interface is consistent across search verticals within the Poynt App resulting in a minimal learning curve. The Poynt platform is designed to ingest multiple data feeds and return results in a cohesive and familiar manner.

Once the user locates a business, movie or restaurant, the Poynt App offers further functionality. With movie searches, a user can watch a movie trailer and buy movie tickets. In the restaurant section users can read CitySearch reviews and book dining reservations through the integrated OpenTable function. The user is also one click away from click-to-call or click-to-browse a website.

The Poynt App is built as a native client based upon SDKs from Google, BlackBerry, Apple and Microsoft. The Poynt App integrates with the various libraries on each device to access the address book, calendar, GPS, maps, etc. This enables users to carry out the features available within the Poynt App such as adding calendar events for dining, events and movies, adding listing results to the address book or forwarding listing information to a friend via email. The client communicates with the Corporation's backend operating environment to retrieve data based upon the user's request.

Since acquiring Poynt corporation has initiated a number of strategic partnerships that provide enhanced capabilities within the Poynt application and/or enable better commercialization of the existing users.

Poynt App and iBeacons

As a local search app, Poynt application users represents ideal target for local advertising. In 2014/2015 we saw additional emphasis on use of Apples iBeacon technology as basis for detecting user location and sending them relevant advertising. iBeacon technology allows advertisers to do indoor advertising while targeting different users based on proximity to closest beacon so that users can receive ads that are different in different sections of the store.

In 2014 corporation developed and integrated a iPhone beacon technology providing users with the ability to receive promotions based on their proximity to an iBeacon. The Poynt application has been launched with the integrated beacon technology in praetorship with Juice Mobile and iBeacon campaigns are expected to be active during 2015 fiscal period resulting in new revenue stream for Poynt application. Feedback from our partner has been very positive in terms of number of potential impressions that can be generated from Poynt user base based on iBeacon proximity.

Semantic Analysis of Social Media Content

Sprylogics has accumulated considerable intellectual property and expertise in the areas of natural language processing and artificial intelligence. Currently these capabilities are utilized within our BreakingSports application; however, there is nothing inherently different about processing written language on the topic of sports vs other domains such as food, music, entertainment, politics, business etc.

Since Poynt users have a local search perspective of the search space, company intends to utilize its existing NLP and AI technologies to improve local search results for verticals such as restaurants and movies by analyzing social media feedback through reviews. By applying deep learning sentiment analysis and opinion extraction for verticals that Poynt users are interested in, we will be able to improve the quality of results and enable discovery of new places and entertainment based on users location and previous search history. These features will be available to users as soon as they open Poynt application within the scrollable card area and will further enhance utility of the application and thereby increase user loyalty. The social media enhanced content feature is targeted for implementation later in 2015.

News and events during the 3 month period ended April 30, 2015

The business and related public news highlights are outlined below:

1. **On February 12, 2015** – the Company issued 4,285,714 units at $0.35 for gross proceeds of $1.5 million. Each unit consists of one common share and one share purchase warrant at an exercise price of $0.45 for 24 months.

2. **On February 12, 2015 -** the Company repaid a debenture with a principle amount of $500,000 and the Company issued a principal amount $500,000 convertible debenture which will be convertible into common shares of the Company at conversion price of $0.38 per share until maturity. The convertible debenture will mature in 24 months. In connection with the debenture the Company issued 1,315,789 warrants at an exercise price of $0.50 for 24 months.

3. **On February 12, 2015 -** the Company issued 428,571 shares at $0.35 to satisfy debt of $150,000.

4. **On February 23, 2015** - the Company announced that it has launched its BreakingSports App for Android, available now on Google Play Store.

5. **On March 12, 2015 -** the Company issued 8,125,000 units at $0.40 for gross proceeds of $3.25 million. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant exercise price is $0.50 for 18 months.

6. **On March 13, 2015 -** the Company announced that it has now integrated NCAA Men's Basketball ("NCAAMB") into its BreakingSports app, giving users real time news and updates, scores and statistics. The new NCAAMB feed will allow users to follow NCAAMB teams and players of their choice and filter the news and information to their liking. BreakingSports is ready to deliver fast and compelling news, in fully automated, real time manner, with push notifications, to users throughout the upcoming NCAA March Madness tournament.

7. **On March 23, 2015 -** the Company announced that it has entered into a strategic agreement with Pointstreak 5050 an electronic raffle software system that drives consumer participation in raffle events while providing accountability to the raffle process. Pointstreak 5050 system electronically captures every transaction while providing updated real-time raffle information to display devices located throughout the venue. Pointstreak 5050 is the market leader and is currently used by over 250 different venues throughout North America, including over 70 major professional sports teams (e.g. NFL, MLB, NBA, NHL, etc.), 16 NCAA institutions and reaches over 100 million sports fans annually.

   Sprylogics and Pointstreak 5050 will pursue important initiatives including the marketing, branding and business development that mutually enhances both Sprylogics' BreakingSports app and the Pointstreak 5050 platform. The Pointstreak 5050 system includes several features that make the platform a valuable marketing, ticketing, and business asset including title sponsorship of the nightly draw and creative branding and couponing opportunities on all tickets.

8. **On March 30, 2015** - the Company announced that its BreakingSports App Gains Traction with over 100k Downloads in less than 30 days Amidst NCAA March Madness. In addition, BreakingSports was s*elected as 1 of 5 apps to follow NCAA tournament by USA Today.* BreakingSports has been well received by sports fans and fantasy players and most recently by those who are following teams or their brackets in the NCAA March Madness tournament.

   In addition, the app has garnered other valuable metrics including the delivery of over 10 million notifications to its users, via more than 1.1 million pieces of relevant, filtered and categorized content. Users average over 8 custom subscriptions (of their chosen teams and/or players) and are viewing more than 8 pages per session, leading to significant engagement and session time, throughout the day. This meaningful level of engagement will continue to grow as users beef up their subscriptions and hone their preferred choice of filters.

9. **In March 2015 -** the Company issued 550,000 options to consultants with exercise prices ranging from $0.45 to $0.62.

10. **On April 1, 2015** - the Company issued 25,000 shares upon the exercise of 25,000 share purchase options and an exercise price of $0.63 for proceeds of $15,750.

11. **On April 20, 2015** - the Company announced that BreakingSports launched "Live-Feeds." This revolutionary new functionality dramatically improves search and discovery of live-streaming platforms like Periscope and Meerkat by delivering real-time videos to BreakingSports app users based on their subscriptions and filters.

12. **On April 30, 2015** - the Company announced that its BreakingSports app is now available on Apple Watch to give sports fans faster access to its up-to-the-second mobile alerts. This app update comes on the heels of the app surpassing 250,000 downloads in less than two months.

RESULTS OF OPERATIONS

	3 month period ended April 30, 2015	3 month period ended April 30, 2014	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
Revenue	**316,873**	595,601	(278,728)	-47%
Expenses				
Promotion and marketing	**442,179**	54,785	387,394	707%
Stock-based compensation	**209,226**	499,034	(289,808)	-58%
Business development consultants compensation	**194,235**	142,400	51,835	36%
Employee salary benefits expense	**160,852**	141,217	19,635	14%
Research and development consultants compensation	**130,495**	262,117	(131,622)	-50%
Management consulting compensation	**105,000**	105,000	-	0%
Administration and operations	**103,534**	132,221	(28,687)	-22%
Amortization of intangibles	**81,250**	81,250	-	100%
Application content expense	**51,538**	61,530	(9,992)	-16%
Accretion on debentures	**42,689**	8,993	33,696	375%
Interest on debenture	**11,729**	14,771	(3,042)	-21%
Professional fees	**6,313**	7,447	(1,134)	-15%
Total Expenses	**1,539,039**	1,510,765	28,274	2%
Net loss before interest earned	**(1,222,166)**	(915,164)	(307,002)	34%
Interest earned	**-**	1,669	(1,669)	-100%
Net and comprehensive loss for the period	**(1,222,166)**	(913,495)	(308,671)	34%

Analysis of revenues and expenses

Revenues for the 3 month period ended April 30, 2015 were $316,873 compared to $595,601 for the 3 month period ended April 30, 2014, a decrease of $278,728 or 47%. This decrease is the result of the absence of 2 consulting agreements that the Company did in the first quarter of last year for $450,000 with Keek Inc. and Frankly Chat; offset by increases in revenues from Poynt and DTI, the Company's wholly owned subsidiaries.

In addition, as the Company has now transitioned into the launch, marketing of growth of its BreakingSports app, development resources have been keenly focused on this product. Nevertheless, the opportunity to engage in new consulting and development initiatives is possible in the future.

Promotion and marketing expense was $442,179 for the 3 month period ended April 30, 2015, compared to $54,785 for the 3 month period ended April 30, 2014, an increase of $387,394 or 707%. This increase is directly related the Company's launch of its BreakingSports app. In doing so, the Company contracted some outsourced marketing resources and also invested significant resources in on-line and traditional marketing strategies to ramp up the downloads of BreakingSports and convert these downloads into active users. The Company fully expects this allocation of funds to continue as it has raised funds in the period and earmarked a certain amount of these funds to a strong, strategic and consistent marketing effort around the BreakingSports app.

Stock-based compensation was $209,226 for the 3 month period ended April 30, 2015 compared to $499,034 for the 3 month period ended April 30, 2014, a decrease of $289,808 or 58%. This expense is a non-cash item, with a corresponding credit to contributed surplus. The decrease is the result of past years share purchase options issued to board members and consultants previously expensed but credited to expense during the current period.

Business development consultants' compensation for the 3 month period ended April 30, 2015 were $194,235 compared to $142,400 for the 3 month period ended April 30, 2014, an increase of $51,835 or 36%. The Company continues to make new inroads with a number of strategic opportunities and has increased its opportunity funnel, as well as marketing and branding of its consumer facing products and services, as seen by the strategic agreements announced in the last fiscal year. In addition, some of the leads generated and strategic opportunities that were initiated through business consultants that are no longer providing serviced to the Company remain active with the continued goal of completing new strategic deals. Also, the Company recently retained new business development consultants at the end of this fiscal year and into the new fiscal year, which will increase this expense moving forward. This increase expenditure is aimed at supporting efforts to market and grow users of BreakingSports and obtain strategic partners and deals in the coming months.

Employee salary and benefits expense was $160,852 for the 3 month period ended April 30, 2015, compared to $141,217 for the 3 month period ended April 30, 2014, an increase of $19,635 or 14%. Employee salary and benefits expense relates to expenses paid for the employees of the Company and its wholly-owned subsidiaries and includes salary and wages, payroll taxes and benefits. The increase is a direct result of added headcount.

Development personnel continues to facilitate and implement new strategic initiatives and in particular the evolution of the BreakingSports app and the Poynt app and Software Development Kits (SDK's) for several new and prospective opportunities as well as consulting opportunities. It is probable that the overall research and development costs will grow via outsourced consultants and/or Employee salary and benefits expense. The Company has been and is currently strengthening its internal team of R&D, marketing and quality control employees and transitioned some contractors throughout last year, resulting in higher salary costs this period and going forward.

Research and development consultants' compensation for the 3 month period ended April 30, 2015 were $130,495 compared to $262,117 for the 3 month period ended April 30, 2014, a decrease of $131,622 or 50%. The Company has transitioned contractors to payroll and reduced some outside contracts while it modifies and strengthens it overall R&D team of developers (see above).

The Company will continue to modify and augment its outsourced consulting and in-house team, to address core technology solutions including semantics and NLP development and application interface and platform initiatives on both iOS and Android handsets. The Company has also taken steps to strengthen its team in Canada to improve efficiency, even at a slightly higher cost down the road. The Company continues to invest in R&D initiatives to further product development, to make its products market ready and provide various demonstrative versions and upgrades to support business development initiatives, and to that end, continues to outsource specific dedicated development resources in Canada and Serbia.

Management consulting compensation for the 3 month period ended April 30, 2015 was $105,000 compared to $105,000 for the 3 month period ended April 30, 2014. This cost is related to key management consulting contracts for the Chief Executive Officer and Chief Financial Officer in order to address core operations and finance functions as well as financing initiatives, strategic planning and business development.

Administration and operations expenses for the 3 month period ended April 30, 2015 were $103,534 compared to $132,221 for the 3 month period ended April 30, 2014, representing a decrease of $28,687 or 22%. The Company has made a concerted effort to keep general overheads and office costs low and focus its use of funds towards R&D, marketing and business development. Last fiscal year, in the first 3 months, with the activity and acquisition of Poynt Inc., there were one-time or short term transition costs that that affected the period. This decrease consists an combination of items including; foreign exchange gains, with a small strengthening of the Canadian dollar in recent months; and increase in hosting expenses as the Company grows and relating to the Poynt business; an increase in maintenance and small equipment expense as the Company increases and maintains its mobile equipment for testing, decreases in general office, insurance, telephone and internet expenses that typically occur from month to month resulted in similar expense amounts, or small decreases, compared to last fiscal period as the business infrastructure evolves.

Amortization of intangibles was $81,250 for the 3 month period ended April 30, 2015 compared to $81,250 for the 3 month period ended April 30, 2014. This was a result of the amortization of intangibles acquired in the Poynt business acquisition on July 30, 2013. The intangibles acquired included Intellectual Property of $1,205,000; Poynt user base of $745,000; Poynt brand and trade name of $185,000. Amortization was recorded during the period on the Intellectual Property and Poynt user base with an effective amortization period of 6 years.

Application content expense for the 3 month period ended April 30, 2015 were $51,538 compared to $61,530, a decrease of $9,992 or 16%. Application content expenseincludes data and provisioning costs for the Poynt app. These direct costs are both fixed and variable and should decrease as a percentage of related revenues, as the revenues increase. In addition, management continues, where possible, to reduce direct data and provisioning costs and has incurred some savings during this fiscal period.

Accretion on debentures was $42,689 for the 3 month period ended April 30, 2015 compared to $8,993 for the 3 month period ended April 30, 2014, an increase of $33,696 or 375%. This expense is a non cash item. The accretion this period was accelerated with net repayments made in the quarter of $590,000.

Interest on debentures was $11,729 for the 3 month period ended April 30, 2015 compared to $14,771 for the 3 month period ended April 30, 2014, a decrease of $3,042 or 21%. This decrease was a result of the smaller outstanding debentures balances during the period compared to the same period in last fiscal year.

Professional fees for the 3 month period ended April 30, 2015 were $6,313 compared to $7,447 for the 3 month period ended April 30, 2014, a decrease of $1,134 or 15%. Professional fees in the period are primarily patent maintenance costs and fluctuate from time to time depending on the dates for payment of annual fees related to granted patents.

Interest earned was $nil for the 3 month period ended April 30, 2015 compared to $1,669 for the 3 month period ended April 30, 2014. This decrease was result cash balances invested in term deposits and interest rates from last period.

Liquidity and Capital Resources

For 3 month period ended April 30, 2015, there was a net cash outflow from operating activities of $2,491,351 compared to a net cash outflow of $259,176 for the 3 month period ended April 30, 2014, a difference of $2,232,175.

The decrease in cash used for operating activities was primarily due to:

1) A increase in the net loss of $1,222,166 for the 3 month period ended April 30, 2015 compared to $913,495 for the 3 month period ended April 30, 2014, (that accounts for a difference of $308,671 resulting from lower revenues and slightly higher expenses as discussed in the analysis of expenses above);

2) An decrease in non-cash expensing of stock-based compensation of $209,226 for the 3 month period ended April 30, 2015 compared to $499,034 for the 3 month period ended April 30, 2014, that accounts for $289,808 in a non-cash item that is added back to cash flows from operations;

3) Net cash outflow resulting from the net change in non-cash working capital items related to operations of $1,752,350 for the 3 month period ended April 30, 2015 compared to a net cash inflow of $65,042 for the 3 month period ended April 30, 2014, that accounts for a difference of $1,817,391..

   Offset by;

4) An increase in the non-cash expensing of accretion on debenture of $42,689 for the 3 month period ended April 30, 2015, compared to $8,993 for the 3 month period ended April 30, 2014, that accounts for a difference of $33,696 more, in non-cash item that is added back to cash flows from operations.

5) An increase in the non-cash common shares issued for debt of $150,000 that is added back to cash flows from operations.

Expressed in tabular form, the increase in the net cash used for operations is as follows:

Increase in net loss	$	(308,671)
Lower stock-based compensation		(289,808)
Higher outflows in non-cash working capital		(1,817,391)
Add back non-cash common shares issued for debt		150,000
Higher accretion of debentures		33,696
Increase in the net cash used for operations	$	2,232,174

As at April 30, 2015 the Company had working capital of $2,441,579 compared to negative working capital of $994,230 at April 30, 2014, a difference of $3,435,809. This increase in working capital is primarily a result of higher cash and term deposits (by $1,767,556), higher trade receivables (by $94,157) and higher prepaid expenses (by $1,215,986) as well as an decrease ($358,110) in all current liabilities which is due to decreased debentures ($179,181) decreased payables ($174,290) lower deferred revenues ($4,639).

Outstanding Share Data

As at April 30, 2015, the number of outstanding shares was 41,959,919 (April 30, 2014 – 27,427,389). During the 3 month period ended April 30, 2015, on February 12, 2015, Company issued 4,285,714 units at $0.35 for gross proceeds of $1.5 million. Each unit consists of one common share and one share purchase warrant at an exercise price of $0.45 for 24 months. Also, on February 12, 2015 the Company issued 428,571 shares at $0.35 to satisfy debt of $150,000. On March 12, 2015 the Company issued 8,125,000 units at $0.40 for gross proceeds of $3.25 million. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant exercise price is $0.50 for 18 months. On April 1, 2015 the Company issued 25,000 shares upon the exercise of 25,000 share purchase options and an exercise price of $0.63 for proceeds of $15,750.
As at June 29, 2015, the number of shares outstanding was 41,959,919 .

As at April 30, 2015, the Company had 5,305,000 share purchase options outstanding (April 30, 2014 – 5,020,000). During the 3 month period ended April 30, 2015, the Company issued 550,000 new options at prices ranging from $0.45 to $0.62, 75,000 options were cancelled and 25,000 options were exercised at a price of $0.63. As at June 29, 2015, the number of outstanding options was 5,305,000.

As at April 30, 2015 the Company had a total of 9,644,003 warrants and 355,921 finders' warrants outstanding (April 30, 2014 – 2,926,979 and 464,661). During the period on February 12, 2015, in connection with a private placement financing, 4,285,714 warrants were issued with an exercise price of $0.45 for 24 months. Also on February 12, 2015, in connection with the issuance of a $500,000 debenture, the Company issued 1,315,789 warrants at an exercise price of $0.50 for 24 months. On March 12, 2015, in connection with a private placement financing, 4,062,500 warrants were issued with an exercise price of $0.50 for 18 months. As at June 29, 2015 the number of warrants outstanding was 9,644,003 and the number of finders warrants outstanding was 355,921.

SEGMENTED INFORMATION

The Company had two geographical segments as at and for the periods ended April 30, 2015 and 2014, respectively, comprising head office and general operations of Sprylogics International and Poynt Inc. in Canada and its wholly-owned subsidiary, DTI, in the United States.

	As at and for the period ended April 30, 2015			As at and for the period ended April 30, 2014		
	Canada	United States	Total	Canada	United States	Total
Current assets	3,495,012	148,045	3,643,057	486,640	78,718	565,358
Total assets	5,390,477	148,045	5,538,522	3,718,439	78,718	3,797,157
Total liabilities	1,086,615	114,863	1,201,478	1,438,726	120,862	1,559,588
Revenue by segment location	195,357	121,516	316,873	571,213	24,388	595,601
Revenue by customer location	53,498	263,375	316,873	515,185	80,416	595,601
Total expenses	1,456,434	82,605	1,539,039	1,447,031	63,734	1,510,765
Amortization of intangible assets	-	81,250	81,250	-	81,250	81,250
Interest and accretion on debentures	54,418	-	54,418	23,764	-	23,764
Interest earned	-		-	1,669	-	1,669
Net and comprehensive income (loss)	(1,261,076)	38,911	(1,222,166)	(874,149)	(39,346)	(913,495)

Summary of Quarterly Results

The following table presents the selected financial data for each of the last eight quarters of the Company ended April 30, 2015.

	30-Apr-15	31-Jan-15	31-Oct-14	31-Jul-14	30-Apr-14	31-Jan-14	31-Oct-13	31-Jul-13
Revenues	**316,873**	**309,550**	**276,335**	**677,306**	**595,601**	**237,150**	**149,467**	**84,990**
Net Loss	**(1,222,166)**	**(1,718,022)**	**(922,291)**	**(557,829)**	**(913,495)**	**(1,550,915)**	**(1,425,751)**	**(668,096)**
EPS	**(0.03)**	**(0.06)**	**(0.03)**	**(0.02)**	**(0.03)**	**(0.06)**	**(0.07)**	**(0.06)**

SUBSEQUENT EVENTS AND NEWS

1. On May 19, 2015, the Company announced that it has entered into an agreement with Anthem Sports & Entertainment Corp. ("Anthem") a global specialty content platform focused on passionate sports and lifestyle communities across multiple media. Under the terms of the agreement, the Sprylogics' BreakingSports app will provide Anthem's offerings including its award winning RotoExperts.com fantasy content, articles and FNTSY Sports Network videos and entertainment to its growing user base. In exchange Anthem will market Sprylogics' BreakingSports app on Anthem's platforms.

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 to the interim unaudited condensed consolidated financial statements for a description of our significant accounting policies.

ISSUED STANDARDS NOT YET ADOPTED

a) IFRS 9 – Financial Instruments

IFRS 9 (2009) introduced new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.
IFRS 9 (2010) introduced additional changes relating to financial liabilities and IFRS 9 (2013) introduced hedging guidance. On July 24, 2014, the IASB issued the final version of the standard, which supersedes all previous versions (IFRS 9 (2014)).
The Company does not intend to early adopt IFRS 9 (2014) in its financial statements and will adopt it for the annual period beginning on January 1, 2018, which is the mandatory adoption date specified in IFRS 9 (2014).

b) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers - is effective for annual periods beginning on or after January 1, 2017, and provides new requirements for recognizing revenue. The new standard's core principle is for a company to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard sets out enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. The Company intends to adopt the new Standard on its effective date and has yet to consider the impact on its financial reporting.

For the standards not yet adopted the Corporation does not expect that these standards will have a significant impact on the Corporation’s consolidated financial statements.

RELATED PARTY TRANSACTIONS

The following balances and transactions with related parties and key management personnel are included in the accompanying interim condensed consolidated financial statements:

a. As of April 30, 2015 the Company had $59,325 (April 30, 2014 - $90,304) of accounts payable due to three officers of the Company, one of whom is also a director of the Company.

b. Research and development consultants compensation of $52,500 were incurred with one officer of the Company during the 3 month period ended April 30, 2015 (April 30, 2014 - $45,000). The officer was compensated for his role as Chief Technology Officer.

c. Management consulting compensation expenses of $105,000 were incurred with two officers of the Company during the 3 month period ended April 30, 2015 (April 30, 2014 - $105,000), one of which is also a director of the Company. These two officers were compensated for their roles as Chief Executive Officer and Chief Financial Officer for the Company.

d. Business development consultant compensation of $nil were incurred during the 3 month period ended April 30, 2015 (April 30, 2014 - $45,900) with a former officer of the Company. This former officer was compensated for his role as VP, Product Management for the Company.

e. No Share Purchase Options were granted to officers of the Company during the 3 month period ended April 30, 2015 (April 30, 2014 – nil).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established and continues to complement a system of disclosure controls and procedures and internal controls over financial reporting. This system is designed to provide reasonable assurance that material information relating to the issuer and its subsidiaries are available and reported to senior management and permits timely decisions regarding public disclosure. As of April 30, 2015, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings are effective, except as noted below, to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

As noted in previous quarterly and annual MD&A's the Company's disclosure controls and procedures are indicative of many small and growing companies. Consequently, management has identified certain weaknesses that currently exist in the disclosure controls and procedures including, but not limited to, the segregation of duties and expertise in specific areas of public disclosure. The existence of these weaknesses is partially compensated for by senior management monitoring these issues, and in the case of complex or extraordinary transactions, consulting with external experts to advise management in their analysis and conclusions.

Throughout the year management continued to address, as required, steps to improve disclosure controls and procedures and internal controls over financial reporting. However, no specific changes to disclosure controls and procedures were made during the period. The Company recognizes this is an ongoing and dynamic process and continues to focus on internal controls related to financial reporting and disclosure controls and procedures and is committed to further improvements in the future.

RISKS AND UNCERTAINTIES

Limited Operating History

The Company has a limited operational history. The Company has never paid dividends and has no present intention to pay dividends. The Company is in the early commercialization stage of its business and therefore will be subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the need to obtain additional funding. The Company will be committing, and for the foreseeable future will continue to commit, significant financial resources to marketing, product development and research. The Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. Such risks include the evolving and unpredictable nature of the Company's business, the Company's ability to anticipate and adapt to a developing market, acceptance by consumers of the Company's products and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Company will be successful in doing what is necessary to address these risks.

Key Personnel

The investigative research technology industry involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not be able to overcome. The success of the Company may be dependent on the services of its senior management and consultants. The experience of these individuals may be a factor contributing to the Company's continued success and growth. The loss of one or more of its key employees or consultants could have a material adverse effect on the Company's operations and business prospects. In addition, the Company's future success will depend in large part on its ability to attract and retain additional highly skilled technical, management, sales and marketing personnel. There can be no assurance that the Company will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on the Company's business, operating results and financial condition.

Additional Financing Requirements

In order to accelerate the Company's growth objectives, it will need to raise additional funds from lenders and equity markets in the future. There can be no assurance that the Company will be able to raise additional capital on commercially reasonable terms to finance its growth objectives. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of common shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution.

Protection of Intellectual Property

Although the Company does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof which could have a material adverse affect on the Company's business, financial condition or results of operations. The Company's performance and ability to compete are dependent to a significant degree on its proprietary technology.

While the Company will endeavor to protect its intellectual property, there can be no assurance that the steps taken by the Company will prevent misappropriation of its technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property. While the Company's technology is developed and owned by the Company, it may in the future also rely on technology licenses from third parties. There can be no assurance that these third party licenses will be, or will continue to be, available to the Company on commercially reasonable terms. The loss of, or inability of the Company to maintain, any of these technology licenses' could result in delays in completing its product enhancements and new developments until equivalent technology could be identified, licensed, or developed and integrated. Any such delays would materially adversely affect the Company's business, results of operations and financial condition.

Competition

The Company may not be able to compete successfully against current and future competitors, and the competitive pressures the Company faces could harm its business and prospects. Broadly speaking, the market for investigative research technology is competitive. The level of competition is likely to increase as current competitors improve their product offerings and as new participants enter the market. Many of the Company's current and potential competitors have longer operating histories, larger customer's bases, greater name and brand recognition and significantly greater financial, sales, marketing, technical and other resources than the Company. Additionally, these competitors have research and development capabilities that may allow them to develop new or improved products that may compete with products the Company markets and distributes.

New technologies and the expansion of existing technologies may also increase competitive pressures on the Company. Increased competition may result in reduced operating margins as well as loss of market share. This could result in decreased usage of the Company's products and may have a material adverse affect on the Company's business, financial condition and results of operations.

Implementation Delays

Most of the Company's customers will be in a testing or in the preliminary stage of utilizing the Company's products and may encounter delays or other problems during their introduction of the Company's products. A decision not to implement these products, or a delay in implementation, could result in a delay or loss of related revenue or could otherwise harm the Company's businesses and prospects. The Company will not be able to predict when a customer that is in a testing or a preliminary use phase will adopt a broader use of the Company's products.

Limited Customer Feedback Respecting Products

The Company's revenue will depend on the number of customers who use the Company's products. Accordingly, the satisfactory design of the Company's product is critical to the Company's business, and any significant product design limitations or deficiencies could harm the Company's business and market acceptance. To date, the features and functionality reflected in the Company's product have been based on its internal design efforts and on feedback from a limited number of customers and potential customers. This limited feedback may not have resulted in an adequate assessment of customer requirements. Therefore, the currently specified features and functionality of the Company's product may not satisfy current or future customer demands. Furthermore, even if the Company identifies the feature set required by customers in the Company's market, it may not be able to design and implement products incorporating features in a timely and efficient manner, if at all.

Developing Markets

The market for the Company's product is relatively new and continues to evolve. If the market for the Company's product fails to develop and grow, or if the Company's product does not gain market acceptance, the Company's business and prospects will be harmed.

Technological Change

The investigative research technology industry is susceptible to technological advances and the introduction of new products utilizing new technologies. Further, the investigative research technology industry is also subject to customer preferences and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Company will depend on its ability to secure technological superiority in its product and maintain such superiority in the face of new products. While the Company believes that its product will be competitive, no assurances can be given that the product of the Company will be commercially viable or that further modification or additional products will not be required in order to meet demands or to make changes necessitated by developments made by competitors which might render the product of the Company less competitive, less marketable, or even obsolete over time.

The future success of the Company will be influenced by its ability to continue to develop new competitive products. Although the Company is committed to the development of new products and the improvement of its existing product, there can be no assurance that these research and development activities will prove profitable, or that products or improvements resulting there from, if any, will be successfully produced and marketed. The investigative research technology industry is characterized by technological change, changes in user and customer requirements, new product introductions and new technologies and the emergence of new industry standards and practices that could render the Company's technology obsolete or have a negative impact on sales margins the Company's product may command. The Company's performance will depend, in part, on its ability to enhance its existing product, develop new proprietary technology that addresses the sophisticated and varied needs of its prospective customers and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of technology entails significant technical and business risks. There can be no assurance that the Company will be successful in using new technologies effectively or adapting its product to customer requirements or emerging industry standards.

Strategic Alliances

The Company's growth and marketing strategies are based, in part, on seeking out and forming strategic alliances and working relationships. There can be no assurance that existing strategic alliances and working relationships will not be terminated or modified in the future, nor there any assurance that new relationships, if any, will afford the Company the same flexibility under which the Company currently operates.

Resolution of Product Deficiencies

Difficulties in product design, performance and reliability could result in lost revenue, delays in customer acceptance of the Company's products, and/or lawsuits, and would be detrimental, perhaps materially, to the Company's market reputation. Serious defects are frequently found during the period immediately following the introduction of new products or enhancements to existing products. Undetected errors or performance problems may be discovered in the future. Moreover, known errors which the Company considers minor may be considered serious by its customers. If the Company's internal quality assurance testing or customer testing reveals performance issues and/or desirable feature enhancements, the Company could postpone the development and release of updates or enhancements to its current product or the release of new products. The Company may not be able to successfully complete the development of planned or future products in a timely manner, or to adequately address product defects, which could harm the Company's business and prospects. In addition, product defects may expose the Company to liability claims, for which the Company may not have sufficient liability insurance. A successful suit against the Company could harm its business and financial condition.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base.

The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Negative Cash Flow and Absence of Profits

The Company has not earned any profits to date and there is no assurance that it will earn any profits in the future, or that profitability, if achieved, will be sustained. A significant portion of the Company's financial resources will continue to be directed to the development of its products and to marketing activities. The success of the Company will ultimately depend on its ability to generate revenues from its product sales, such that the business development and marketing activities may be financed by revenues from operations instead of external financing.

There is no assurance that future revenues will be sufficient to generate the required funds to continue such business development and marketing activities.

Conflicts of Interest

Certain proposed directors and officers of the Company may become associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with the *Canada Business Corporations Act*, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Company, as the case may be. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Company.

No Key Man Insurance

The Company does not currently have key man insurance in place in respect of any of its senior officers or personnel.