BLOCKCHAINK2 CORP.
(FORMERLY AFRICA HYDROCARBONS INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1

FOR THE PERIOD ENDED MARCH 31, 2018

May 29, 2018

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the interim consolidated financial statements for the period ended March 31, 2018 and the audited consolidated financial statements for the year ended September 30, 2017. The interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Success in the junior market is measured by a Corporation's ability to raise funds and the ability to secure properties of merit. Not all of these factors are within management's control. The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, commodity prices and perceptions as to which way the market is headed. The ability to secure properties of merit is in large part dependent on management's contacts and the vitality of the sector.

DESCRIPTION OF BUSINESS

The principal business of the Corporation was to explore natural resource properties. In early 2016, the Corporation ceased to operate in the resource sector and on November 23, 2017 it was announced that it is management's intention to complete a "Change of Business" transaction ("COB Transaction") pursuant to the polices of the TSX Venture Exchange, with the result that the Corporation will become a blockchain technology company, listed on the Exchange. On May 28, 2018, the Corporation completed its COB transaction and changed its name to BlockchainK2 Corp. and its stock symbol to BITK. The Corporation changed its business from an oil and gas issuer to a technology issuer.

Following closing of the COB transaction, the Corporation's outstanding subscription receipts issued upon closing of the Corporation's concurrent non-brokered and brokered private placement financings, as described in the Corporation's news releases dated January 19, 2018 and April 4, 2018, automatically converted into an aggregate of 3,335,334 common shares in the capital of the Corporation and 1,667,667 common share purchase warrants. Each warrant entitles the holder to purchase one common share of the Corporation at an exercise price of $2.00 per common share for 12 months from the date of issuance.

Aggregate proceeds of $4,169,168, which had been held in escrow in accordance with the terms of the subscription receipts, have been released to the Corporation of which $3,581,668 were received as at March 31, 2018.

The Corporation is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, PEI and Newfoundland and its shares are listed on the TSX Venture Exchange ("TSXV") under the symbol NFK. The Corporation was transferred to the NEX board in July 2015. On May 28, 2018, in connection with the closing of the COB transaction and the Corporation's name change, the Corporation changed its stock symbol to BITK.

On June 30, 2017, the Corporation completed a consolidation of its issued and outstanding common shares on the basis of twenty (20) pre-consolidation common shares for each one (1) post-consolidation common share. All per share numbers in this MD&A have been adjusted to reflect this consolidation.

FINANCING

On July 31, 2017, the Corporation closed a non-brokered private placement of 1,406,250 equity units at a price of $0.16 per unit for gross proceeds of $225,000. Each unit consists of 1 common share and 1 common share purchase warrant in which the warrant entitles the holder to acquire 1 common share at an exercise price of $0.21 per share for a period of 12 months. Finders' fee totaling $3,850 in cash and a finder's warrant to acquire 24,062 common shares at a price of $0.16 per share for a period of 12 months was paid.

On July 31, 2017, the Corporation closed a shares for debt transaction where the short-term loan in the amount of $75,000 plus interest payable of $2,400 was settled by the issuance of 483,750 common shares at a price of $0.16 per share.

On August 25, 2017, the Corporation closed a non-brokered private placement of 2,000,000 common shares at a price of $0.50 per share for gross proceeds of $1,000,000. Finders' fee totaling $70,000 in cash and a finder's warrant to acquire 70,000 common shares at a price of $0.50 per share for a period of 12 months was paid.

On November 8, 2017, the Corporation closed a non-brokered private placement of 450,816 common shares at a price of $0.61 per common share for gross proceeds of $275,000. Finders' fee totaling $19,250 in cash and a finder's warrant to acquire 31,557 common shares at a price of $0.61 per share for a period of 12 months was paid.

On January 19, 2018, the Corporation closed the first tranche of its non-brokered private placement for 2,865,334 units at a price of $1.25 for gross proceeds of $3,581,668. Each unit consists of one common share and one half common share purchase warrant in which the warrant entitles the holder to acquire one common share at an exercise price of $2.00 per share for a period of 12 months from date of issuance. The proceeds were held in escrow.

On April 4, 2018, the Corporation closed its brokered private placement offering of 400,000 subscription receipts at an issue price of $1.25 per subscription receipt, for aggregate gross proceeds of $500,000. In connection with the brokered offering, the Corporation entered into an agency agreement with Mackie Research Capital Corp. The Corporation also announced that it has also closed the second tranche of its non-brokered private placement offering of 70,000 subscription receipts at an issue price of $1.25 per subscription receipt, for aggregate gross proceeds of $87,500.

The Corporation agreed to pay finders fees of $249,842 and issue 176,773 non-brokered equity financing finder's warrants in connection with the closing of the non-brokered equity financing and pay cash commissions of $35,000 and issue 28,000 brokered equity financing agent's warrants and 10,000 broker equity units warrants in connection with the closing of the brokered equity financing.

SELECTED ANNUAL INFORMATION

	September 30, 2017 (audited)	**September 30, 2016 (audited)**	**September 30, 2015 (audited)**
	$	**$**	**$**
Loss from continuing operations	(544,202)	(367,847)	(1,154,595)
Income from discontinued operations	-	22,963	145,499
Net loss	(544,202)	(344,884)	(1,009,096)
Total assets	1,062,752	206,502	489,494
Working capital	949,371	70,496	416,337
Basic and diluted per share amounts			
From continuing operations	(0.06)	(0.04)	(0.14)
From discontinued operations	-	0.00	0.02
Net loss	(0.06)	(0.04)	(0.12)

RESULTS OF OPERATIONS

Year ended September 30, 2017

General and administrative

General and administrative expenses for the year ended September 30, 2017 totaled $207,612 compared with $200,493 for the year ended September 30, 2016. The Corporation incurred consulting and management fees of $28,946 (2016 - $99,000), directors fees of $116,167 (2016 - $29,150) and professional fees of $89,081 (2016 - $89,244). The remaining expenses are composed of general office costs and travel expenses.

Net loss

The net loss of $544,202 ($0.06 per share) compares to a net loss of $344,884 ($0.04 per share) in 2016. The loss for the year is due mainly to the consulting costs and professional fees required to find a new business opportunity. A net loss position is expected in the next period.

SELECTED QUARTERLY INFORMATION

Quarter ended	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017
Net Loss	$(428,218)	$(540,175)	$(430,031)	$(45,329)
Net Loss per Share	$(0.03)	$(0.04)	$(0.05)	$(0.01)
Working Capital (Deficit)	$4,214,362	$1,059,736	$949,371	$(43,753)

Quarter ended	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016
Net Loss	$(6,684)	$(62,159)	$(179,862)	$(49,002)
Net Loss per Share	$(0.00)	$(0.01)	$(0.02)	$(0.01)
Working Capital	$2,730	$9,383	$70,496	$223,954

The above noted financial data should be read in conjunction with the interim consolidated financial statements for the period ended March 31, 2018.

RESULTS OF OPERATIONS

Three month period ended March 31, 2018

General and administrative

General and administrative expenses for the three month period ended March 31, 2018 totaled $181,456 compared with $2,030 for the same period in 2017. The Corporation incurred consulting and management fees of $25,273 (2017 - $Nil), directors fees of $81,064 (2017 - $Nil), and professional fees of $246,158 (2017 - $3,482). The remaining expenses are composed of general office costs and travel expenses.

Net loss

The net loss of $428,218 ($0.03 per share) compares to a net loss of $6,684 ($0.00 per share) for the same three month period in 2017. The loss in the period is due mainly to the consulting costs required to find a new business opportunity. A net loss position is expected in the next period.

Six month period ended March 31, 2018

General and administrative

General and administrative expenses for the six month period ended March 31, 2018 totaled $300,204 compared with $51,201 for the same period in 2017. The Corporation incurred consulting and management fees of $41,259 (2017 - $19,732), directors fees of $160,216 (2017 - $Nil), and professional fees of $270,820 (2017 - $14,608). The remaining expenses are composed of general office costs and travel expenses.

Net loss

The net loss of $968,393 ($0.08 per share) compares to a net loss of $68,843 ($0.01 per share) for the same six month period in 2017. The loss in the period is due mainly to the consulting costs required to find a new business opportunity. A net loss position is expected in the next period.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Corporation had a working capital of $4,214,362 which compares to a working capital of $949,371 as at September 30, 2017. In 2017, the Corporation closed a number of private placement financing for total gross proceeds of $1,577,400, these funds have been used to by the Corporation to continue searching for other business opportunities.

COMMITMENTS AND CONTINGENCIES

The Corporation was involved in litigation matters arising out of the ordinary course and conduct of its business from operations conducted in Tunisia in the amount of US$135,989. A settlement estimate of $75,000 was accrued in the 2016 financial statements.

On April 3, 2017 the Corporation executed and finalized a full and final release on a claim in arbitration for a settlement amount of CDN$50,000. The Corporation has paid CDN$50,000 to the former partner and agreed upon that a further CDN$35,000 payment will be required if the Corporation completes either a $1,000,000 in financing on or before April 3, 2018, either as a single or part of multiple financings or the market capitalization of the release exceeds $2,500,000 for a 30 day period within the next 2 years. As at September 30, 2017, these events were met and therefore $35,000 has been paid resulting in an additional $10,000 being expensed in the consolidated statement of comprehensive loss.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are in the normal course of operations and are made in terms equivalent to those that prevail in arm's length transactions, which is the amount of consideration established and agreed to by the related parties. The following is a summary of the related party transactions that occurred throughout the three and six months ended March 31, 2018 and 2017:

a) For the three months ended March 31, 2018, the Corporation paid $5,000 (2017 - $Nil) for consulting fees to a company controlled by the director of the Corporation.

   For the six months ended March 31, 2018, the Corporation paid $15,000 (2017 - $Nil) for consulting fees to a company controlled by the director and $Nil (2017 - $15,000) for consulting fees to a company controlled by the previous officer.

b) For the three months ended March 31, 2018, the Corporation paid $81,064 (2017 - $Nil) for directors fees paid to key management being directors and officers.

   For the six months ended March 31, 2018, the Corporation paid $157,716 (2017 - $Nil) for directors fees and $394,570 (2017 - $Nil) for share-based payments paid to key management being directors and officers.

c) On March 17, 2017, the Corporation received a loan (the "Loan") in the amount of $75,000 from a shareholder of the Corporation. The loan is due on demand and accrues interest of 12% per annum, payable upon maturity. On July 31, 2017, the Corporation closed a shares for debt transaction where the short-term loan in the amount of $75,000 plus interest payable of $2,400 was settled by the issuance of 483,750 common shares at a price of $0.16 per share which was valued at $101,588 (note 8(b) (ii)). A loss of $24,188 has been recorded in the statement of loss and comprehensive loss during the year ended September 30, 2017.

d) As at March 31, 2018, included in the accounts payable and accrued liabilities, the Corporation has $1,050 due to related party.

MANAGEMENT CHANGE

On January 29, 2018, the Corporation appointed Anthony Jackson as chief financial officer and corporate secretary of the Corporation.

ACCOUNTING POLICIES

The interim consolidated financial statements and related MD&A have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets recorded on the date of transition. The consolidated financial statements have been prepared on a going concern basis.

A summary of the Corporations significant accounting policies under IFRS is presented in Note 3 – "Significant accounting policies" in the Corporation's interim consolidated financial statements for the period ended March 31, 2018.

Items included in the financial statements of the Corporation and its subsidiaries are measured using the currency of the primary economic environment in which the Corporation operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

ACCOUNTING STANDARDS – ADOPTED AND FUTURE

Future accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after October 1, 2017 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IFRS 2, "Share-based Payment" was amended in June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2, incorporated in Part I of the CPA Canada Handbook-Accounting by the Accounting Standards Board (ASB) in November 2016, to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

   - The effects of vesting and non-vesting conditions on measurement of cash-settled share based payments;
   - Share-base payment transactions with a net settlement feature for withholding tax obligations; and
   - A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

   The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

b) IFRS 9, "Financial Instruments" was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for impairment and hedge accounting. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

c) IFRS 15, "Revenue from Contracts with Customers" was issued in May 2016 to replace IAS 18 "Revenue" and IAS 11 "Construction Contracts", and several revenue related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Corporation continues to assess this new standard, but does not expect it to have a significant impact until revenue generating activities occur.

d) IFRS 16, “Leases” was issued on January 13, 2017, the IASB issued IFRS 16 Leases which replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The standard becomes effective January 1, 2019. IFRS 16 will not impact the Corporation’s consolidated financial statements until such time as the Corporation enters into lease arrangements.

e) IAS 7, “Statement of Cash Flows” was issued in January 2017, the IASB has published amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The Corporation is currently assessing the impact of this standard.

CRITICAL ACCOUNTING ESTIMATES

The Corporation has made estimates and assumptions regarding certain assets, liabilities, and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a.) Share-based payments
The Corporation has made various assumptions in estimating the fair values of the common stock options granted including expected volatility, expected exercise behavior and future forfeiture rates. At each period end, options outstanding are re-measured for changes in the fair value of the liability due to forfeitures.

b.) Measurement of warrant valuation
The Corporation uses an option-pricing model to determine the fair value of the warrant. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the instruments issued. Fair value inputs are subject to market factors as well as internal estimates. The Corporation considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

c.) Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

d.) Deferred taxes
Tax interpretations, regulations and legislation are subject to change and as such income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Actual results may differ from these estimates due to, among other factors, future changes in business environment, currently unknown changes in income tax legislation, or results from the final review of tax returns by tax authorities.

e.) Functional currency

The determination of the Corporation's functional currency requires analyzing facts that are considered primary factors, and if the results are not conclusive, secondary factors. The analysis requires the Corporation to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Corporation analyzed both the primary and secondary factors, including the currency of the Corporation's revenues, operating costs, general and administrative costs and financing proceeds in the countries that it operates in.

f.) Going concern assessment

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Corporation's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position would be necessary.

FINANCIAL INSTRUMENTS

As at March 31, 2018, the Corporation's financial instruments are cash and cash equivalents, trade and other receivables, and trade and other payables. The amounts reflected in the balance sheet for these financial instruments approximate their fair values due to the short-term nature and negligible credit losses.

The Corporation does not use derivative instruments or hedges to manage risks because the Corporation's exposure to credit risk, interest rate risk and currency risk is not considered significant.

OFF BALANCE SHEET ARRANGMENTS

The Corporation has not engaged in any off-balance sheet arrangements.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized and Issued Share Capital

The following is outstanding as of May 29, 2018:

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	15,901,625
Preferred	Nil	Unlimited	Nil

Description of Options and Warrants outstanding

The following is outstanding as of May 29, 2018:

Security Type	Number	Exercise Price	Expiry Date
Options	820,549	$0.16	July 6, 2027
Options	434,080	$0.52	November 8, 2027
Warrants	1,406,250	$0.21	July 31, 2018
Warrants	1,667,667	$2.00	January 19, 2019
Broker Warrants	140,000	$0.50	August 25, 2018
Broker Warrants	24,062	$0.16	July 31, 2018
Broker Warrants	31,557	$0.61	November 8, 2018
Broker Warrants	176,773	$1.25	January 19, 2019
Broker Warrants	28,000	$1.25	April 4, 2020
Broker Warrants	10,000	$2.00	April 4, 2019

FORWARD LOOKING STATEMENTS

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Corporation. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar and U.S. dollar, fluctuations in the prices of gold and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States or other countries in which the Corporation carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Corporation’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Corporation. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the “Risk and Uncertainties” section of these MD&A for a discussion of some of the factors underlying forward-looking statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

RISK FACTORS

In the normal course of business, the Corporation is exposed to various business risks and uncertainties that can have an effect on the Corporation's results of operations, financial position, or liquidity. While some exposures may be reduced by the Corporation's risk management strategies, many risks are driven by external factors beyond the Corporation's control or are of a nature which cannot be eliminated. The following is a discussion of key areas of business risks and uncertainties.

The Corporation

The Corporation will be in the early stage of development and must be considered a start-up. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Corporation has no intention of paying any dividends in the near future.

The Corporation will have limited financial resources and there is no assurance that additional funding will be available to it for further development of its business or to fulfil its obligations under any applicable agreements.

As certain of the officers and directors of the Corporation are directors, officers or shareholders of other companies, there are potential conflicts of interest to which the officers and directors of the Corporation may be subject to from time to time, in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the Business Corporation Act (Alberta).

The Corporation may need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Corporation may change and investors may suffer additional dilution. To the extent financing is not available, business opportunities and potential acquisitions could be lost for the Corporation.

Liquidity

Disruptions in the financial markets or deterioration of the Corporation's credit ratings could hinder the Corporation's access to external sources of funding to meet its liquidity needs. There can be no assurance that changes in the financial markets will not have a negative effect on the Corporation's liquidity and its access to capital at acceptable rates.

Risks from Acquisitions, Strategic Alliances and Joint Ventures

The Corporation may pursue acquisitions, strategic alliances and joint ventures. The ability of the Corporation to complete acquisitions, strategic alliances and joint ventures is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions, strategic alliances and joint ventures involve risks that could adversely affect the Corporation's results of operations, including the management time that may be diverted from operations in order to pursue and complete such transactions and, difficulties in the case of acquisitions, integrating and managing the additional operations and personnel of acquired businesses. There can be no assurance that the Corporation will be able to obtain the capital necessary to consummate acquisitions, strategic alliances or joint ventures on satisfactory terms, if at all. Future acquisitions, strategic alliances or joint ventures could result in the incurrence of additional debt, costs and contingent liabilities, all of which could materially adversely affect the Corporation.

The Corporation is planning to change its business to digital currency mining and block chain software businesses. There is no assurance that the Corporation will receive requisite regulatory, exchange and shareholder approvals. In the event that the Corporation is able to change its business to technology and block chain businesses, such businesses are inherently early stage, unproven, volatile and subject to risks including regulatory, technological and financing.

Dependence on Key Personnel

The success of the Corporation will depend, to a significant extent, upon the efforts and abilities of its senior management team. The loss of any management, or the inability to attract and retain additional skilled management, could have a material adverse effect on the business, operating results and financial condition of the Corporation.

Global Financial Conditions

Global financial conditions may be subject to high volatility which could result, as they have in the past, in numerous commercial and financial enterprises either going into bankruptcy or creditor protection or having had to be rescued by governmental authorities. In recent years, access to public financing has been negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, massive investment losses by banks with resultant recapitalization efforts and a deterioration in the global economy. More recently, the European debt crisis has affected equity investor sentiment and, if it worsens, could also affect worldwide credit markets, which might impact the Corporation.

Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions can cause the broader credit markets to further deteriorate and stock markets to decline substantially. Banks have been adversely affected by the worldwide economic crisis and have somewhat curtailed existing liquidity lines, increased pricing and introduced new and tighter borrowing restrictions to corporate borrowers, with limited access to new facilities or for new borrowers. These factors, if they were to reoccur, could negatively impact the Corporation's ability to access liquidity needed for the Corporation's business in the longer term. These factors may impact the Corporation's future ability to obtain equity, debt or bank financing on terms favourable to the Corporation, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Potential Volatility of Share Price

The market price of the common shares of the Corporation may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the Corporation's results of operations; changes in estimates of the Corporation's future results of operations by management or securities analysts; introduction of new products or services by the Corporation or its competitors; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many venture issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the shares.

Tax Considerations

The return on an investment in common shares of the Corporation will be subject to changes in federal and provincial tax laws. There can be no assurance that the income tax legislation in Canada will not be amended so as to fundamentally alter the tax consequences of holding or disposing of the common shares.

Legal or Regulatory Proceedings

Although the Corporation is not currently a party to any material legal or regulatory proceedings, legal or regulatory proceedings could be filed against the Corporation in the future. No assurance can be given as to the final outcome of any legal or regulatory proceedings or that the ultimate resolution of any legal or regulatory proceedings will not have a material adverse effect on the Corporation.

Additional Information

Additional information is available on SEDAR at www.sedar.com.