MANAGEMENT'S DISCUSSION AND ANALYSIS

TRAKOPOLIS IOT CORP.

For the period ended December 31, 2016

General

This Management's Discussion and Analysis ("MD&A") contains important information about our business and our performance for the six months ended December 31, 2016. This MD&A should be read in conjunction with the audited consolidated financial statements and related notes of the Company for the period ended December 31, 2016, and year ended June 30, 2016 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has changed its fiscal year from June 30 to December 31. As a result, the Company had a short fiscal period from July 1, 2016 to December 31, 2016 and its next fiscal year commenced on January 1, 2017.

All dollar amounts within this MD&A are presented in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as of April 27, 2017 and was approved by the Board of Directors on that date. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more information. We, us, our, Trakopolis and the Company refer to Trakopolis IoT Corp. and its subsidiary.

Non-GAAP Financial Measures

This MD&A contains references to certain non-GAAP financial performance measures such as earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted EBITDA, subscribers and recurring revenue, which do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, not a substitute for, the Company's results of operations reported under IFRS. See "Non-GAAP Measures".

Business Overview

Trakopolis is a Software as a Service (SaaS) company with proprietary, cloud-based solutions for real-time tracking, data analysis and management of corporate assets such as equipment, devices, vehicles and workers. Our asset management platform works across a variety of networks and devices and we have a diversified revenue stream from many verticals including oil and gas, forestry, transportation, construction, rentals, urban services, mining, government and several others. Trakopolis enables the internet of things for end users and Original Equipment Manufacture ("OEM") with our open, agnostic, enterprise grade platform. We differentiate ourselves primarily from our open collaborative technology strategy but also in our sales approach, contract flexibility and client care.

Trakopolis is a world class, comprehensive, enterprise grade, Internet of Things ("IoT") Platform that includes features like;

- Hardware agnostic – unlimited choices
- IoT Platform – designed to connect all assets
- Advanced Application Program Interface ("API") – experts in integration
- Customer driven development
- Cloud based – unlimited scale, hosted Microsoft cloud
- Power Business Intelligence ("BI") Integration – user based advanced analytics
- Custom IoT solutions
- Fleet tracking and driver score card
- Integration services
- Mobile – smart phones and tablets
- Honeywell ConneXt Lone Worker
- Engine diagnostics
- GIS mapping and lease road routing
- CanHAUL – transportation freight matching app
- Asset tracking with comprehensive reporting

In the last 6 months, the Company has been selling to new markets, beta testing our Honeywell ConneXt Lone Worker product, closing a software acquisition and completing a reverse take over transaction and concurrent financing to become a listed issuer on the TSX-V under the trading symbol TRAK and executing our operating plan.

We are in the process of launching two new products, each with very large addressable markets that create revenue generating opportunities for the company and further differentiate us from other competitors.

- On November 14, 2016, the Company completed the acquisition of all rights from a third party for electronic logbook software ("ELOG"). ELOG capability provides Trakopolis with a complete platform to allow fleet operators to comply with the Federal Motor Carrier Safety Association's ("FMCSA") announced Electronic Logging Device ("ELD") mandate in the United States, which is expected to come into effect in 2017. The Company expects a similar requirement in Canada to follow. The ELD mandate requires commercial vehicle drivers that are required to keep Records of Duty Status ("RODS") logs to transition to ELOG-based records over the two-year transition period beginning in December 2017.

- Honeywell's ConneXt Lone Worker product helps companies ensure the safety of workers in the energy, utility and construction industries, whose employees often work in remote locations out of cell phone range. The solution includes a wearable, wireless gas detector, a satellite uplink for the worker's vehicle and Cloud-based technology from Trakopolis to optimize field operations. The technology also enables workers to alert the company immediately if they become injured and need help – even if they are out of cell phone range.

The Company sells through direct and channel efforts with partners such as Bell, Driving Force, Telus, InsureMy and Honeywell who engage in lead generation and product collaboration. Channel enablement and expansion is a key strategic focus as are efforts to find additional large channel partners or value added resellers.

Our asset management platform works across a variety of networks and devices and we have a diversified revenue stream from many verticals including oil and gas, forestry, transportation, construction, rentals, urban services, mining, government and several others.

We believe that large enterprise customers represents the greatest market opportunity given it is underpenetrated. While we will always sell to SMB's ("small medium business") in many verticals our technology strategy targets enterprises who need greater functionality, security, analytics, configurability, integration and with the agile ability to include customized functionality.

The Company has a long-held strategy to focus on building world class software and go to market with channel partners. Collaboration is key to our success and leverages established sales channels and best in class technology partnerships that create exponential opportunity for Trakopolis.

As part of our growth plans we have hired sales staff in the target markets of Atlantic Canada, Pennsylvania and Texas. These regions have customers in target verticals where our unique products are well received and partner support and traction.

Financial Highlights (in thousands)				
	Three months ended		**Six months ended**	Twelve months ended
	December 31, 2016	December 31, 2015	**December 31, 2016**	June 30, 2016
	($)	($)	**($)**	($)
Revenue	1,214	1,120	2,375	4,754
Cost of Sales	569	534	1,083	2,066
Gross Profit	645	586	1,292	2,688
Gross Margin	53%	52%	54%	57%
Net (loss) income	(3,824)	(1,089)	(5,116)	(4,194)
EBITDA[1]	(3,838)	(942)	(4,941)	(3,618)
Adjusted EBITDA[1]	(522)	(697)	(1,496)	(1,920)
Share Capital	23,895	12,419	23,895	12,624
Total Assets	6,780	1,121	6,780	2,180
Total Liabilities	4,975	4,168	4,975	6,218

1 Non-IFRS financial measures are defined in the Non-GAAP Measures section.

Three months ended December 31, 2016 vs 2015

The Company generated revenue of $1,214 thousand for the three months ended December 31, 2016, an increase of $94 thousand or 8% compared to the same period in 2015. The increase was mainly driven by growth in hardware sales through units deployed through a strategic partnership in gas detection integration.

The Company recorded a net loss of $3,824 thousand for the three months ended December 31, 2016, an increase of $2,735 thousand compared to the same period in 2015. The increased loss is a result of reverse takeover ("RTO") related transaction costs of $3,285 thousand included in the current period's results offset by increased revenues and decreased operating expenses.

EBITDA was negative $3,838 thousand for the three months ended December 31, 2016, a decrease of $2,896 thousand compared to the same period in 2015. Included in the period ended December 31, 2016 results are non-recurring transaction costs of $3,285 thousand associated with the RTO. Adjusted EBITDA was negative $522 thousand for the three months ended December 31, 2016, an improvement of $175 thousand or 25% from the same period in 2015. The improvement in adjusted EBITDA is a result of increased revenues and decreased operating expenses.

Six months ended December 31, 2016 vs Twelve months ended June 30, 2016

The Company generated revenue of $2,375 thousand for the six months ended December 31, 2016, a decrease of $2,379 thousand or 50% compared to the twelve months ended June 30, 2016. This is primarily due to a twelve-month comparative reporting period versus a six month reporting period.

The Company recorded a net loss of $5,116 thousand for the six months ended December 31, 2016, an increase of $922 thousand or 22% compared to the twelve months ended June 30, 2016. The increased loss is a result RTO transaction costs of $3,285 thousand incurred during the period and twelve-month comparative reporting period versus a six-month reporting period.

EBITDA was negative $4,941 thousand for the six months ended December 31, 2016, an increase of $1,323 thousand compared to the twelve months ended June 30, 2016. Included in the period ended December 31, 2016 results are non-recurring transaction costs of $3,285 thousand associated with the RTO. Adjusted EBITDA was negative $1,496 thousand for the six months ended December 31, 2016, an improvement of $424 thousand or 22% compared to the

twelve months ended June 30, 2016. The increase in adjusted EBITDA is a result of increased revenues and decreased operating expenses.

Overall Performance

Revenue and Gross Margin

	Three months ended		Six months ended	Twelve months ended
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
(in thousands)	**($)**	**($)**	**($)**	**($)**
Revenue				
Hardware	362	234	721	1,294
Subscription	842	884	1,635	3,423
Software	5	-	10	26
Other	5	2	9	12
Total revenue	1,214	1,120	2,375	4,755
Cost of goods sold				
Hardware	293	251	585	1,044
Inventory valuation loss	36	0	36	0
Subscription	240	283	462	1,022
Total cost of goods sold	569	534	1,083	2,066
Gross profit				
Hardware	33	-17	100	250
Subscription	602	601	1,173	2,400
Total Gross profit[1]	635	584	1,273	2,650
Gross margin				
Hardware	9%	-7%	14%	19%
Subscription	72%	68%	72%	70%
Total Gross margin [1]	53%	52%	54%	56%

1 Total gross profit and gross margin does not include software or other revenue

Hardware Revenue

The Company does not manufacture hardware, instead it integrates with proven products from sophisticated vendors to satisfy the evolving needs of customers.

Hardware revenue increased by $128 thousand or 55% for the three months ended December 31, 2016, compared to the same period in 2015. This is a result of the Company realizing increased sales from new units deployed through a strategic partnership in gas detection integration.

Hardware revenue decreased by $573 thousand or 44% for the 6 months ended December 31, 2016 compared to the 12 months ended June 30, 2016. This decrease was mainly due to a 6-month reporting period versus a 12-month reporting period.

Subscription Revenue

Subscription revenue is recurring and is generated in the form of monthly service fee subscriptions for accces to the Company's proprietary platform "Trakopolis" and revenues earned relating to data provided to customers via cellular and satellite networks. The Company offers monthly subscription packages that include access to Trakopolis and associated data plans based on customer needs.

Subscription revenue decreased by $42 thousand or 5% for the three months ending December 31, 2016, compared the same period in 2015. This decrease was primarily due to the consumer decline experienced through 2016 because of the downturn in the oil and gas market. In the prior period oil and gas represented over 45% of the customer base. The decrease in commodity pricing within the industry resulted in deferrals, hibernations and cancellations, as well as increased subscription price negotiations which lowered the overall average revenue per subscription.

Subscription revenue decreased by $1,788 thousand or 52% for the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. This is primarily due to a twelve-month reporting period versus a six month reporting period.

Software revenue

Software development revenue is associated with a strategic partnership in power monitoring, highlighting the strategic focus on industry diversity and the IOT approach. The revenue is generated from providing customer specific customized software development.

Other revenue

Other revenue includes freight and interest revenue from guaranteed investment certificates.

Gross Margin and Gross Profit

Overall gross margin is dependent on the mix of hardware and subscription revenue in the period. Hardware sales typically generate lower gross margins than subscription revenue. Hardware margins are directly correlated to volume, as larger volume orders are offered at reduced margins. The timing and size of one-time hardware sales tends to be somewhat uncertain and therefore creates periodic margin volatility.

Gross margin on hardware revenue was 9% for the three months ended December 31, 2016 compared to -7% for the same period in 2015. During the period ending December 31, 2016, the Company incurred a $36 thousand loss on inventory valuation due to obsolete inventory. The normalized gross margin on hardware revenue excluding this adjustment is 19%. The change in normalized gross margin compared to prior period was due to hardware and installations being provided at a discounted rate to enterprise customers in the prior period and therefore reducing the gross margin. This was done as an incentive to the enterprise customers and to increase recurring subscription revenue within this customer base.

Gross margin on subscription revenue remained consistent within the comparative periods with insignificant fluctuations due to the change in the $CAD/USD exchange rate.

Sales mix

	Three months ended		Six months ended	Twelve months ended
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
Percentage of total sales				
Hardware revenue	30%	21%	30%	27%
Subscription revenue	70%	79%	70%	72%
Software revenue	-	-	-	1%
Other revenue	-	-	-	-
	100%	100%	100%	100%

Hardware sales represented a larger portion of the sales mix for the three months ended December 31, 2016, compared to the same period in 2015 and the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. The increased percentage of hardware sales during the period is expected to translate into increased subscription revenue growth going forward through the addition of new subscriptions.

Revenue by Source

The Company utilizes its dealer and channel partnerships as a major source of revenue generation and market penetration. This approach leverages our sales reach and provides opportunity to collaborate and integrate new products and expand our presence in other markets and other sectors. Below summarizes the percentage of sales leads generated internally compared to dealer and channel partnerships.

	Three months ended		Six months ended	Twelve months ended
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
Lead Source				
Direct Sales	69%	68%	70%	68%
Channel partners and dealers	31%	32%	30%	32%
Total	100%	100%	100%	100%

Revenue by vertical

The Company has a diversified customer base which is spread across multiple verticals. The Company is flexible and can service multiple industries through the customization of software to fit customer needs. The customizable software allows the Company to have a diverse market presence through an expanded customer base. Below is a summary of the industries in which the Company operates within.

	Three months ended		Six months ended	Twelve months ended
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
Industry				
Oil & Gas	27%	35%	28%	35%
Urban services	18%	13%	21%	14%
Construction	8%	11%	9%	10%
Forestry	7%	6%	3%	3%
Utility	18%	10%	16%	11%
Transport	8%	10%	8%	8%
Mining	3%	4%	4%	6%
Rental & leasing	11%	11%	11%	13%
	100%	100%	100%	100%

Enterprise Customers

Our product and sales approach is focused on enterprise clients. We define enterprise clients as those who are able to track over 250 assets. This approach allows us to market a more comprehensive offering to enterprise clients. New relationships with proven products and our API integration allow us to leverage our platform for an all-encompassing enterprise solution. The Trakopolis solution capitalizes on the IOT revolution, evidenced by new partnerships such as InsureMy and the ConneXt Lone Worker solution with Honeywell Analytics. Below summarizes the percentage of sales occurring to enterprise customers compared to total sales:

	Three months ended		Six months ended	Twelve months ended
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
Sales by customer type				
Enterprise customers	16%	13%	16%	16%
Other customers	84%	87%	84%	84%
Total	100%	100%	100%	100%

Enterprise Partnerships

The Company is currently engaged in several enterprise level partnerships each with opportunity to generate revenue for the Company. These partnerships are key in expanding our channel enablement strategy, and our geographical expansion, primarily into the US market. These partnerships include:

- Honeywell Life Services — *Gas Detection Product*
- The Driving Force — *White label re-seller for fleet management services*
- Bell Mobility — *Bill on Behalf National Partnership*
- Telus — *National Marketplace Bill on Behalf Partnership*
- InsureMy — *Intact Insurance supported time based insurance Joint Venture*

Operating Expenses

	Three months ended		Six months ended	Twelve months ended
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
(in thousands)	($)	($)	($)	($)
Expenses				
General and administrative	293	685	1,281	3,431
Sales and marketing	376	276	691	1,132
Operations	105	130	199	511
Technology	424	430	776	1,232
Total expenses	1,198	1,521	2,947	6,306

General and Administrative Expense ("G&A")

General and administrative expenses consist of employee salaries, benefits and share-based compensation related to finance and administration personnel and executives, professional fees, board of director fees, other overhead expenses. G&A expenses decreased by $392 thousand or 57% for the three months ended December 31, 2016, compared to the same period in 2015. This was due to lower stock based compensation due to the expenses recognized under the graded vesting method combined with a revaluation gain of the RSU liability recorded within stock based compensation within general and administrative expenses.

G&A expenses decreased by $2,150 thousand or 63% for the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. The decrease is primarily a result of reduced share-based compensation expense and a six month reporting period versus a twelve month comparative period.

Sales and Marketing Expense

Sales and marketing expenses include the salaries, benefits, commission and share-based compensation related to our direct sales team, advertising, promotions and other costs such as travel and meals. Sales and marketing expense increased by $100 thousand or 36% for the three months ended December 31, 2016, compared to the same period in 2015. The increase in costs is a result of implementing of the Company's growth plan, which focuses on increasing sales presence through marketing and expanded salesforce. We have invested and continue to invest, in these costs as we further expand our domestic infrastructure and expand into the USA market The expansion within North America is facilitated through our partners and direct sales force by hiring sales personnel in Pennsylvania and Texas.

Sales and marketing expense decreased by $441 thousand or 39% for the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. The decrease is due to the additional six months being reported for the period ended June 30, 2016. This is offset by the increased costs related to the Company's growth plan discussed above.

Operations Expense

Operations expense include salaries, benefits, share-based compensation and other costs related to our customer and technical support, implementations and project management personnel. Operations expense decreased by $25 thousand or 19% for the three months ended December 31, 2016, compared to the same period in 2015. The decrease is a result of consolidated operational staffing to reduce costs.

Operations expense decreased by $312 thousand or 61% for the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. This decrease is due to the additional six months being reported for the period ended June 30, 2016 combined with the decreased costs discussed above.

Technology

Research and development ("R&D") expenses consist of employee salaries, share-based compensation, benefits and expenses related to product development activities, consultant fees and other expenses associated with software development and hardware integration. Through R&D, the Company continues to develop and evolve the Trakopolis platform and to focus on scalability to align with subscriber growth projections.

R&D remained consistent for the three months ended December 31, 2016 compared to the same period in 2015 and $456 thousand or 37% lower for the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. The decrease in R&D costs is due to downsizing of the R&D workforce and narrowing the focus to specific R&D projects relating to expansion into new verticals as well as integration of new hardware products, such as the ConneXt Lone Worker product with Honeywell and the ELOG application.

Reverse takeover transaction

On October 28, 2016, under the terms of the transaction, Lateral acquired all of the issued and outstanding shares of CANHaul by way of issuance of 14,285,183 Lateral common shares, which constituted 84.9% of the total shares issued and outstanding of the Lateral common shares on a non-diluted basis. Pursuant to the transaction, Lateral changed its name to "Trakopolis IoT Corp." ("Trakopolis").

The acquisition of CANHaul by Lateral has been accounted for using the reverse-takeover ("RTO") method of acquisition accounting in accordance with the reverse acquisition accounting method of IFRS 2. CANHaul is considered to have acquired Lateral as the accounting acquirer, with Lateral being the accounting acquiree. At the time of the transaction, Lateral did not have any current operations.

The following summarizes the estimated fair value of the Lateral assets acquired and liabilities assumed as at October 28, 2016:

Net assets acquired	
Cash	$ 84,203
Accounts receivable	14,902
Prepaid expenses	14,137
Accounts payable	(37,943)
	$ 75,299
Consideration paid:	
Common shares in the Company (2,547,697)	$ 2,547,697
Net assets acquired	75,299
Excess paid	$ 2,472,398
Finders fee	$ 536,749
RTO transaction costs – non-cash	$ 3,009,147
Other transaction costs	276,155
RTO transaction costs	$ 3,285,302

The excess of the consideration paid over the net assets acquired has been recognized within the statement of operations as transaction costs.

The Company incurred $276,155 in legal and financial transaction costs associated with the reverse takeover transaction.

In addition, the Company paid a finder's fee, comprised of the issuance of 536,749 common shares at a value of $1.00 per share, recognized in the statement of operations as reverse takeover transaction costs.

In conjunction with the closing of the RTO transaction, the Company entered an agreement with a new lender for a new loan facility.

Pursuant to the RTO, Trakopolis completed a public offering of subscription receipts for gross proceeds of $5,750,000 at a price of $1.00 per subscription receipt. The Company received the proceeds less financial services and legal fees associated with completing the equity issuance of $534,607 for a net proceeds of $5,215,393.

The terms of the RTO transaction include a performance bonus share issuance whereby 949,993 common shares were placed into escrow to be received by the current holders of common shares of the Company. The escrowed shares were to be released if the Company was successful in closing a business deal with a large enterprise opportunity on or before December 31, 2016 into a customer with a binding contract evidencing revenue of not less than $1,500,000 for the first year, and an aggregate of $1,500,000 for the second and third years following the execution of such contract. As at December 31, 2016, the conditions required for release of the escrowed shares were not met. Accordingly, the shares have been canceled from escrow.

Finance Expense

	Three months ended		**Six months ended**	**Twelve months ended**
	December 31, 2016	December 31, 2015	December 31, 2016	June 30, 2016
(in thousands)	**($)**	**($)**	**($)**	**($)**
Derivative liability fair value adjustment	(181)	-	(181)	-
Interest and debt on loans	86	129	158	476
Other interest and bank charges	3	2	10	6
Accretion expense	40	11	146	72
Total expenses	(52)	142	133	554

Finance expenses consist of interest and debt on loans, bank charges, other interest (not on debt and loans) and accretion expense. Finance expenses decreased by $194 thousand for the three months ended December 31, 2016, compared to the same period in 2015. The decrease for is primarily due to the fair value adjustment on the warrant liability and reduced interest rate associated to long and short term loans.

Finance expenses decreased by $421 thousand or 76% for the six months ended December 31, 2016 compared to the twelve months ended June 30, 2016. The decrease is due to the above discussion combined with a twelve-month reporting period versus a six month reporting period.

Intangible Assets

On November 14, 2016, the Company acquired all rights from a third party for a software named Electronic Logbook ("ELOG"). The purchase price of the ELOG software is $1,500,000 and is payable through a $3 per-user fixed payment over a period not to exceed the 10-year period commencing on the closing date. If the purchase price is not paid in full over the 10-year period, both parties agree to mutually extend the agreement. If the agreement is not extended, the right of first offer to purchase the ELOG software is provided to the vendor at a price determined by the Company at such time, acting commercially reasonable. Any balance owing under the purchase agreement will be credited toward the buyback price.

The fair value of the ELOG software was determined using a discounted cash flow model to present value the future payments. A discount rate of 20% was used to reflect the risk associated with of related cash flows. Using the discounted cash flows, the fair value of the ELOG software was determined to be $791,370 as at the date of purchase, which was the basis of recording the intangible asset and its related liability upon initial recognition. Amortization expense $33,328 and accretion expense of $18,243 was recorded during the period ended December 31, 2016.

The ELOG provides Trakopolis with a complete platform to allow fleet operators to comply with the FMCSA announced ELD mandate in the United States, which is expected to come into effect in 2017. The Company expects a similar requirement in Canada to follow. The ELD mandate requires commercial vehicle drivers that are required to keep RODS logs to transition to ELOG-based records over the two-year transition period beginning in December 2017. Purchasing the ELOG software allows the Company to go to market quickly, leveraging extensive rule-set knowledge and experience in ELOG positions. Further the ELOG application is operated on a complimentary cloud based platform which allows seamless integration to Trakopolis and for the Company to approach the transportation vertical with a mature product, qualified sales funnel and established channel partners.

Quarterly Performance

The below table highlights selected financial information for each of the eight most recent quarters that, in management's opinion, have been prepared on a basis consistent with the accounting policies stated in the audited consolidated financial statements for the period ended December 31, 2016. The financial information presented reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods.

	2016				2015			
(in thousands)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Subscription	842	793	809	844	884	885	858	861
Hardware and other	372	368	332	426	236	337	384	875
Total revenue	1214	1161	1141	1270	1120	1222	1242	1736
Gross Profit	645	647	704	697	586	701	783	968
Gross Margin	53%	56%	62%	55%	52%	57%	63%	56%
EBITDA[2]	(3,838)	(1,103)	(1,079)	(163)	(942)	(1,433)	(792)	(697)
Net loss	(3,824)	(1,292)	(1,231)	(318)	(1,089)	(1,554)	(1,063)	(794)
Adjusted EBITDA[2]	(522)	(974)	(606)	45	(697)	(661)	(629)	(488)

[1] During the three months ended March 31, 2016 and 2015, the Company received Scientific Research and Experimental Development ("SR&ED") rebates of $479,000 and $213,000 respectively.

[2] Refer to "Non-GAAP Measures".

The Company recorded a net loss of $3,824 thousand for the three months ended December 31, 2016. The net loss was largely related to the RTO related costs included in the period's results. Excluding these one-time transaction costs the adjusted EBITDA is negative $522 thousand.

Liquidity and Capital Resources

The Company's objective when managing capital is to ensure it has the appropriate capital structure to execute its strategic business plan while not creating risk to its ability to operate as a going concern. The Company's liquidity needs in short term and long term can be sourced multiple ways including: funds from operations, available cash balances, new debt instruments, equity issuances and government funding such as the Scientific Research and Experimental Development (SR&ED) grants.

The consolidated financial statements have been prepared based on accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the six month period ended December 31, 2016, the Company incurred a loss of $5,116,389 and utilized funds amounting to $2,338,580 in its operations. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments. The future of the Company is dependent on its ability to attain profitable operations, maintain compliance with covenants relating to the lending

agreement generate sufficient funds from operations, and continue receiving financial support from its shareholders and obtain new financing. There is no certainty that the Company will raise these necessary funds from financing or operations. As a result of these factors, there is a material uncertainty that may result in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

The consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the consolidated financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used.

As at December 31, 2016, the Company had working capital of $3.3 million, an increase of $4.8 million from the working capital deficit of ($1.5) million at June 30, 2016.

As at December 31, 2016, the Company had a cash and cash equivalent balance of $4.3 million an increase of $3.4 million from $0.9 million at June 30, 2016.

Operating activities

The Company had a cash outflow of $2.4 million for operating activities during the six months ended December 31, 2016. This is mainly related to cash used in operating activities of $1.8 million and changes in non-cash working capital of $489 thousand. Within the operating cost spending are professional fees associated with the RTO transaction and debt restructuring.

Investing activities

The Company had cash inflows of $72 thousand relating to investing activities during the six months ended December 31, 2016. This is due to the cash acquired from the purchase of Lateral offset by the additions to property and equipment through finance leases.

Financing activities

The Company had an inflow of $5.7 million from financing activities for the six months ended December 31, 2016. The inflow is primarily due to receiving net proceeds of $448 thousand from the issuance of preference shares, net proceeds received of $5.2 million from the subscription receipts offering, debt proceeds of $2.3 million and repayments of debt of $1.6 million.

Debt

As at December 31, 2016, the Company has $2.2 million of total debt of which $0.2 million is in the form of shareholder loans and the remaining is a debt facility. On October 25, 2016 in conjunction with the closing of the RTO transaction, the Company entered an agreement with a new lender for a new loan facility, replacing the previous venture debt facility of $1.5 million which was held at an effective annual interest rate of 18%. The new facility has a principal loan amount of $2.3 million of which the Company has $2.2 million outstanding as at December 31, 2016 at 11% interest with a maturity date of April 28, 2019. The new debt facility decreases the interest expense as a result of the lower interest rate on the outstanding principal.

The Company is required to make principal payments of 2% of the principal balance on a monthly basis, monthly interest payments and assign any SR&ED rebates received in cash against the principal balance. If the combined SR&ED and 2% monthly repayments are equal to or greater than 24% of the principal amount, no further payments shall be required until the trailing twelve months principal payments are less than 24% of the principal amount as of the applicable payment date. If the SR&ED rebates received and applied to reduce the outstanding facility balance in any twelve-month period are less than 10% of the outstanding principal at the beginning of the specified period, the Company shall make an additional payment at the end of that period.

As part of the new debt facility arrangement, the Company paid debt issuance costs of $304,347. As at December 31, 2016, $282,093 remained unamortized against the carrying value of the loan. These costs will be amortized over the remaining term of the loan.

Of the $2,208,920 outstanding at December 31, 2016, $530,141 is due for payment in 2017, $361,413 is due in 2018 with the remaining $1,317,366 due in 2019.

The Company's loan facility is subject to the following covenants:

(i) Working capital shall be at least $500,000 at the end of each calendar month:

(ii) The ratio of Current Assets to Principal amount outstanding (under all the Concurrent Promissory Notes), each calculated as at the relevant testing date and expressed as a percentage, shall be equal to or greater than the percentages set forth below:

Issue - December 31, 2016	Jan 31, 2017 - March 31, 2017	April 30, 2017 - June 30, 2017	July 31, 2017 - December 31, 2017	January 31, 2018 - June 30, 2018	July 31, 2018 - Maturity
65%	75%	85%	100%	110%	125%

(iii) At the time of relevant testing date, the Company's cash runway must be equal to or greater than 9x the average trailing 3 month period monthly (including the month in which the testing date falls) burn rate. Burn is equal to negative cash flow of the Company but such calculation shall not include negative cash flow in relation to capital expenditures and intangible asset acquisitions for patents.

A summary of the covenants as at December 31, 2016 is below:

		Covenant		December 31, 2016
Minimum Working Capital[(1) (2)(3)(4)]	$	500,000	$	2,611,954
Minimum Current Assets to Principal outstanding[(2)(3)(4)]		65%		235%
Cash runway		9x		Not applicable

(1) Working Capital is defined as Current Assets minus Current Liabilities.

(2) Current Assets is defined as cash, cash equivalents and accounts receivable.

(3) Accounts Receivable is defined as all accounts receivable, notes receivable and other debts due or accruing to the Company taking into account any amounts overdue by more than 90 days or amounts that the Company reasonably determines uncollectible.

(4) Current Liabilities is defined as accounts payable and amounts to be paid to creditors within twelve (12) months from the applicable date.

Prior to December 31, 2016, the Company had received an amendment that states the cash runway covenant does not apply until after December 31, 2016. As at December 31, 2016 the Company was in compliance with all applicable covenants related to its loan facility.

Subsequent to December 31, 2016, the calculation of "burn" in calculating the cash runway debt covenant has been amended. Beginning January 31, 2017, burn is equal to the to the average monthly net loss, if any, over the preceding three month period, adjusted for hardware gross margin, non-cash items and debt repayment. To calculate adjusted net income (loss), the hardware gross margin during the 3 month period will be subtracted from net income, and the monthly average hardware gross margin from the previous twelve months will be added, the non-cash items will be added back to net income (loss) and debt repayments subtracted. Non-cash items include amortization, accretion, fair value adjustments and stock based compensation.

The loan facility included the issuance of 666,667 warrants. The fair value of each warrant was estimated on the date of the grant using the Black-Scholes option pricing model. Each warrant is exercisable into a common share, with an exercise price equal to the greater of: (i) $1.05; and (ii) a 15% discount to the price per share at which securities are issued pursuant to a financing of the Company within 12 months from the date of issuance) of the warrants for gross proceeds of at least $500,000 with an arm's length third party. The warrants are a liability-classified derivative and were valued on the date of issuance at $305,749 (note 9). At December 31, 2016, the warrant liability has been remeasured at $125,033 (note 9).

Equity

The summary of the outstanding equity instruments and dilutive equity instruments is below:

	As at December 31, 2016	As at June 30, 2016
Common shares	23,194,629	10,676,653

(i) During the period ended December 31, 2016, employees of the Company purchased 17,887 common shares by way of deduction from salary and were purchased at $1.05 per share and expensed to wages and salaries.

(ii) During the period ended December 31, 2016, the Company issued 25,002 shares relating to equity based retention compensation of 25,002 shares.granted in an earlier period. At the time of grant, the shares were valued at $1.50 per share. which had previously been expensed to share based compensation.

During the period ended December 31, 2016, the Company issued equity based retention compensation to management and employees of 103,087 common shares and 10,000 common shares, respectively. The shares were valued at $0.91 per share at time of grant and expensed to share-based compensation. At issuance, a total value of $102,909 was allocated from contributed surplus to share capital.

During the period ended December 31, 2016, the Company issued 11,000 common shares for services rendered with a former executive officer of the Company. The shares were valued at $0.91 per share at the time of the grant and expensed as consulting services within general and administration expense.

(iii) On October 28, 2016, the Company acquired all the issued and outstanding CANHaul securities in exchange for 14,258,183 Lateral common shares through a RTO.

(iv) Pursuant to the RTO, the Company completed a subscription receipt offering issuing 5,750,000 new common shares at a value of $1.00 per share for gross proceeds of $5,750,000.

(v) The Company paid a finder's fees in connection with the RTO, comprised of the issuance of 536,749 common shares at a value of $1.00 per share, recognizing as a RTO transaction cost.

(vi) The Company paid the agents a corporate finance fee in connection with the subscription receipt offering, comprised of 75,000 common shares issued at $1.00 per share, recognizing a share issuance cost of $75,000.

(vii) The Company incurred $962,668 in legal and financial transaction costs associated with the issuance of new shares for the subscription receipt offering, of which $721,504 were cash expenses. The remaining are non-cash items relating to common shares issued and warrants issued. In accordance with Company's accounting policy, the Company deducted the costs against the equity value issued.

Preference Shares

During the six months ended December 31, 2016, the Company issued 442,998 Class L preference shares at a price of $1.05 per share for gross proceeds of $465,400 and net proceeds of $447,980 after broker fees of $17,420 were paid.

During the six months ended December 31, 2016, the Company bifurcated an additional $37,230 as the equity component of the preference shares issued during the period.

Each preference share was convertible to 1.15 class B common shares on completion of the RTO. Upon completion of the RTO on October 28, 2016, 2,992,417 preference shares were converted to common shares at a value of $2,804,849

Warrants

During the period, the Company issued 666,667 warrants attached to the new debt facility (note 8). Each warrant is exercisable into a common shares, with an exercise price equal to the greater of: (i) $1.05; and (ii) a 15% discount to the price per share at which securities are issued pursuant to a financing of the Company within 12 months from the date of issuance of the warrants for gross proceeds of at least $500,000 with an arm's length third party. The warrants are a liability-classified derivative and were valued on the date of issuance at $305,749 and as at December 31, 2016 at $125,033. The fair value of each warrant was estimated on the date of the grant, and December 31, 2016, using the Black-Scholes option pricing model. The warrants have been presented within the other long term liabilities on the statement of financial position.

The estimated value of the warrants was $125,033 as at December 31, 2016 using the following assumptions:

Assumptions	
Risk free rate	0.73%
Expected volatility	72%
Expected life in years	2.83 years
Expected dividend yield	–

During the period, the Company issued 402,500 warrants as a financing fee upon completion of the RTO. Each purchase warrant entitles the holder to acquire one common share at $1.00 per share and expires on October 25, 2018. The fair value of each warrant was estimated on the date of the grant using the Black-Scholes option pricing model. The estimated value of the warrants was calculated to be $166,164 and was recorded as a reduction of proceeds received, using the following assumptions:

Assumptions	
Risk free rate	1.46%
Expected volatility	75%
Expected life in years	2 years
Expected dividend yield	–

Options and RSU's

During the period ended December 31, 2016, 203,397 RSUs were settled for $200,000. As at December 31, 2016. the Company has received notification that 203,396 RSUs will be redeemed for a cash settlement of $100,000, and common shares having an aggregate value of $100,000. The issue price of the common shares will be determined using the 20-day volume weighted average closing price.

Contractual Obligations

In the normal course of business, the Company incurs contractual obligations. The expected maturities of the Company's contractual obligations as at December 31, 2016 are as follows:

	2017	2018	2019	2020	2021	Total
Onerous Lease	$ 204,755	$ 102,377	$ -	$ -	$ -	$ 307,132
Finance Leases	29,696	27,706	21,152	2,160	1,980	82,694
Office Lease	652,447	652,447	366,415	-	-	1,671,309
Debt payments	530,141	361,413	1,342,164	-	-	2,233,718
Debt interest	196,846	165,560	45,484	-	-	407,890
Total	$ 1,613,885	$ 1,309,503	$ 1,775,215	$ 2,160	$ 1,980	$ 4,702,743

There have been no material changes in the contractual obligations detailed above, other than in the normal course of business, during the period ended December 31, 2016

Non-GAAP Measures

Identification of non-GAAP Financial Performance Measures

This MD&A contains references to certain financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, and not a substitute for, the Company's results of operations reported under IFRS. These financial measures are identified and defined below:

"Recurring Revenue" includes monthly software subscriptions, and resale of cellular and satellite data. Recurring revenue is recognized monthly as services are delivered and is derived from the subscription revenue category within

the Company's financial statements. We believe that Recurring Revenue provides useful information to our investors because it shows the long-term nature of service revenue.

"Normalized gross margin" normalized gross margin is equal to the gross margin excluding inventory write downs. We believe that the normalized gross margin provides information to our investors as it shows the gross margin excluding the impact of obsolete inventory.

A "Subscriber" is defined as a customer's individual asset which is monitored by a telematics device. A Subscriber is an important metric for our investors because it provides an indication of our ability to generate Recurring Revenue from providing recurring service to our customers.

"EBITDA" and "Adjusted EBITDA" are measures of our operating profitability. We believe that EBITDA and adjusted EBITDA provide useful information to our investors because they exclude transactions not related to the core cash operating business activities, allowing meaningful analysis of the performance of our core cash operations.

EBITDA is an indicator of the financial results generated by our business activities excluding the impact of any financing activities, amortization and depreciation of property, equipment and intangible assets, and taxes.

Adjusted EBITDA is a further refinement of EBITDA to remove the effect of share-based compensation expense and one-time costs associated with the RTO transaction. As such, Adjusted EBITDA provides more meaningful continuity with respect to the comparison of our operating results over time.

EBITDA and Adjusted EBITDA are derived from the audited consolidated statements of operations and comprehensive loss. We believe that using these metrics enhances an overall understanding of the Company's results and we present them for that purpose.

Reconciliation of non-GAAP financial performance measures

The following table provides a reconciliation of net loss under IFRS, as disclosed in the consolidated statements of operations and comprehensive loss, to EBITDA and Adjusted EBITDA:

	Three months ended		**Six months ended**	**Twelve months ended**
(in thousands)	December 31, 2016 **($)**	December 31, 2015 **($)**	December 31, 2016 **($)**	June 30, 2016 **($)**
Net loss	**(3,824)**	**(1,089)**	**(5,116)**	**(4,194)**
Add:				
Amortization	38	5	42	22
Finance Expense	(52)	142	133	554
EBITDA	**(3,838)**	**(942)**	**(4,941)**	**(3,618)**
Add:				
RTO costs	3,285	-	3,285	-
Share based compensation	31	245	160	1,698
Adjusted EBITDA	**(522)**	**(697)**	**(1,496)**	**(1,920)**

	Three months ended		**Six months ended**	**Twelve months ended**
(in thousands)	December 31, 2016 **($)**	December 31, 2015 **($)**	December 31, 2016 **($)**	June 30, 2016 **($)**
Hardware revenue	362	234	721	1,294
Hardware revenue gross profit	33	(17)	100	250
Add:				
Inventory valuation loss	36	0	36	0
Normalized gross profit	69	(17)	136	250
Normalized gross margin	19%	(7%)	14%	19%

Critical Accounting Estimates

The preparation of consolidated annual financial statements in compliance with IFRS requires management to apply estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses as well as certain disclosures within the consolidated financial statements. It also requires management to exercise judgement in applying the Company's accounting policies. Estimates and other judgements are periodically evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas requiring estimates and assumptions in determining the reported amounts in the financial statements are as follows:

(i) Provision for onerous lease:

The Company recognizes the provision for current head lease on space not occupied by the Company. Management determines the net recoverable amount on the space and offsets this estimate against the head lease obligation. The carrying obligation is measured at each financial period.

(ii) Discount rate to fair value debt:

The Company will measure the fair value of debt where warrants and/or conversion features are attached. The Company estimates the discount rate based on current market rates for borrowing for a Company of its size and nature. The discount rate is used to first calculate the financial liability with the residual amount applied to equity.

(iii) Share-based compensation:

In measuring the grant date fair value of share-based payments, the Company makes estimates of share value, risk free rate, volatility, and expected life.

(iv) Intangible assets:

In measuring the fair value of the intangible asset and its corresponding liability the Company estimates the future cash flows using an appropriate discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. Estimating future cash flows involves significant judgements, estimates and assumptions, including those associated with the future cash flows of asset, discount rate and timing of cash flows.

Off-Balance Sheet Arrangements

As at December 31, 2016, The Company does not have any off-balance sheet arrangements other than operating leases.

Related Party Transactions

During the six months ended December 31, 2016, the Company had no related party transactions.

Subsequent Events

On January 23, 2017, the Company issued 141,633 Class B common shares of which 102,699 were issued in relation to retention shares to executives and will be moved from contributed surplus to share capital. The remaining 38,934 Class B common shares were issued for vested RSUs.

During January and February, 2017, the Company has received $402,000 from the SR&ED tax incentive program. These funds will be used to reduce the Company's current institutional debt facility. Combined with the principal

repayments this will reduce the facility from approximately $2.3 M to approximately $1.75 M as at February 28th, 2017. Under the terms of the debt agreement, the Company will not be required to make any further principal repayments until November 2017.

Subsequent to year end, the Company has received a grant of $164,000 from the National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP).

Subsequent to December 31, 2016, the calculation of "burn" in calculating the cash runway debt covenant has been amended. Beginning January 31, 2017, burn is equal to the average monthly net loss, if any, over the preceding three month period adjusted for hardware gross margin, non-cash items and debt repayment. To calculate adjusted net income (loss) the hardware gross margin during the 3 month period will be subtracted from net income, and the monthly average hardware gross margin from the previous twelve months will be added, the non-cash items will be added back to net income (loss) and debt repayments subtracted. Non-cash items include amortization, accretion, fair value adjustments and stock based compensation.

As part of the amendment, the Company and the lender have agreed that by June 30, 2018, the Company will need to be in a net income position or have current assets, as defined in the lending agreement, at greater than three times the principal loan balance.

Risk and Uncertainties

(a) Unprofitable Operations:

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company may not be profitable.

(b) Dependence on Personnel:

Due to the technical nature of its business and the dynamic market in which the Company competes, The Company's success depends on its ability to attract and retain highly skilled developers and technology, engineering, managerial, marketing and sales personnel. In particular, the Company's future success will depend in part on the continued services of each of its proposed executive officers and other key employees. Competition for qualified personnel in the industry in which the Company operates is intense. the Company believes that there are only a limited number of people with the requisite skills to serve in many key positions and it is difficult to hire and retain these people. The loss of one or more of these key personnel may have a significant adverse effect on the Company or the Company's sales, operations, technological development and profits.

(c) Variable Revenues and Earnings:

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of wireless technologies, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base, possible delays or shortages in component supplies, transition periods associated with the migration to new technologies, potential commoditization and saturation in certain markets, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business. Any of the factors listed above could cause significant variations to the Company's revenues, gross margin and earnings in any given quarter.

(d) Additional Financing:

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the Company when needed or

on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company's Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

(e) Technology:

Telematics technologies will continue to improve and become more affordable to end users. Likely the telematics industry will mimic the cellular telephone industry in its growth and business model. However, it is uncertain if technology standards will be established to create compatibility amongst devices. Demand for increased message frequency combined with subscriber growth creates greater strain on server infrastructure. We anticipate the trend continuing as telematics users become sophisticated. Scalability is paramount.

(f) Competition:

Given the size of the overall telematics market, the low barriers to entry and the difficulty differentiating, a number of competitive strategies will emerge. Some competitors will be turn-key providers; some will focus on market verticals or industries. Geographical reach and customer service will also play an important role in competitive landscape.

(g) Meeting Market Demand:

Given the market trends in telematics, the industry is poised for massive growth in the next five years as the technology becomes more affordable, applications become more unique and the market begins the mass adoption of telematics.

(h) Credit risk:

Credit risk reflects the risk the Company may be unable to recover accounts receivable. The Company was engaged in contracts with one party, of whom individually represented approximately 20% of the Company's sales, and an insignificant amount of accounts receivable at the year end. The Company employs established credit approval and monitoring practices to mitigate the risk.

(i) Internal Controls:

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

(j) Currency risk:

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(k) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial obligations. The Company is exposed to this risk mainly in respect of working capital deficits and net losses.

(l) Fair Value:

The carrying values of cash, accounts receivable, investment tax credits (SR&ED), accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of shareholder loans and long-term debt is due to the significant difference in interest rates that arises due to the attachment of equity features such as warrants and conversion optionality.

(m) Fair value hierarchy:

Under IFRS, fair values are recorded on the consolidated statement of financial position are classified under a fair value hierarchy that reflects the significant inputs used in making the measurements.

- Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 inputs use inputs other than quoted prices in level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 inputs are inputs for the assets that are not based on an observable market data.

Forward-looking Information

This document contains forward-looking statements. Statements other than statements of historical fact contained in this document may be forward-looking, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance, business prospects, and opportunities of the Company, the general economy, the future financial position or results of the Company, business strategy, growth opportunities, budgets, and projected costs and plans and objectives of the Company Investors can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, investors are cautioned not to place undue reliance on any forward-looking information contained in this document.

Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession as of the date of this document. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Statements containing forward-looking information involve significant known and unknown facts and uncertainties of both a general and specific nature, as well as numerous assumptions, including without limitation, assumptions relating to customer demand, expected growth and expected growth rates, the successful completion of equity and debt financings, the size of future equity financings, competitive advantages of the Company's products and services, costs of material and services, access to capital, access to qualified personnel, production capacity, and required capital expenditures.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: reliance on key personnel, general economic conditions, The Company limited operating history, industry conditions, currency fluctuations, competition from other industry participants, the lack of availability of qualified personnel or management, reliance on third party suppliers, dilution of interests of shareholders, and ability to access sufficient capital from internal and external sources. The information contained in this document may identify additional factors that could affect the operating results and performance of the Company

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document.