

**NOVATEQNI CORPORATION**  
Management's Discussion and Analysis  
Prepared as at February 28, 2018

This Management's Discussion & Analysis ("MD&A") was prepared as of February 28, 2018 to assist readers in understanding the financial performance of Novateqni Corporation (the "Company" or "Novateqni") for the year ended October 31, 2017. This MD&A should be read in conjunction with Novateqni's audited consolidated financial statements as at and for the year ended October 31, 2017.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using Novateqni's reporting currency, the United States dollar.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions used to develop forward-looking information.

## The Company

Novateqni's 100% owned subsidiary, Novateqni Hong Kong Limited, was incorporated under the laws of Hong Kong on October 2, 2011. Novateqni Hong Kong's head office and its registered office are located at 11<sup>th</sup> Floor, Kwai Cheong Centre, Kwai Cheong Road, Hong Kong. The Company has two other subsidiaries, Novateqni USA LLC, which was established for the United States market and Novateqni South Africa which was established as the research and development center for the Company.

The principal activity of Novateqni is the provision of technology based solutions and supply of related electronic hardware mainly in the voter registration and voter validation industries.

Novateqni is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is as follows: Suite 1250, 639 - 5th Avenue S.W., Calgary, AB T2P 0M9. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol NTQ.

## Selected Financial Information

	October 31, 2017	October 31, 2016
Total revenue	\$ 1,696,782	\$ 2,056,654
Net loss for the year	\$ (993,997)	\$ (692,680)
Basic and diluted earnings (loss) per share	\$ (0.03)	\$ (0.02)
Total assets	\$ 118,356	\$ 642,160
Shareholders' equity	\$ (538,950)	\$ 301,477
Weighted average Class A common shares outstanding	32,236,815	32,236,815

## Results of Operations

During the year ended October 31, 2017 the Company had sales of \$1,696,782 as compared to \$2,056,654 for the year period ended October 31, 2016. The decrease in sales was due to fewer tenders won by the Company during the year. The cost of sales for the year ended October 31, 2017 was \$1,396,618 versus \$1,109,974 for the year ended October 31, 2016. The increase was a result of the tenders won in 2017 being more competitive and having less margin. Gross margin for the year ended October 31, 2017 was \$300,164 (18%) versus \$946,680 (46.0%) for the year ended October 31, 2016. The gross margin was much lower due to the significantly lower margin on the tenders won during the year as a result of competition.

Operating expenses decreased to \$1,319,859 for the year ended October 31, 2017 from \$1,631,108 for the year ended October 31, 2016. The decrease is a result of various cost cutting measures.

Professional fees were \$113,036 for the year ended October 31, 2017 versus \$116,075 for the same period in the previous year. The decrease was nominal. Management and consulting fees were \$497,256 for the year ended October 31, 2017 compared to \$394,304 for the year ended October 31, 2016. The increase was due to the additional consulting costs incurred for the Liberia project. Listing and filing fees were \$49,076 for the year ended October 31, 2017 which were higher than the \$17,024 year ended October 31, 2016. This increase was due to the costs of listing the Company's shares in the United States. Travel for the year ended October 31, 2017 was \$29,632 which was lower than the \$96,532 experienced for the same period in 2016. Travel was lower as a result of the fewer tenders won. Office and general was \$111,693 for the year ended October 31, 2017 versus \$182,546 for the year ended October 31, 2016. The decrease was attributable to cost cutting measures. Salary and wages was \$331,788 for the year ended October 31, 2017 versus \$548,938 for the year ended October 31, 2016. The decrease was a result of cost cutting and less projects underway.

#### Summary of Quarterly Results

	October 2017	July 2017	April 2017	January 2017	October 2016	July 2016	April 2016	January 2016
Total revenue	\$1,472,237	\$ 19,018	\$ 19,665	\$ 185,862	\$ 319,915	\$1,001,760	\$ 8,857	\$ 726,122
Net (loss)/income	\$ 15,860	\$(204,891)	\$(636,971)	\$(167,995)	\$(247,877)	\$ 355,568	\$(478,016)	\$(322,355)
Net loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ (0.01)

Variations in the quarters was a result of the Company being a tender based business with unpredictable revenues and costs.

#### Financial Condition and Liquidity

On October 31, 2017 the Company had cash on hand totalling \$73,812 and \$23,252 on October 31, 2016. Liabilities for the year ended October 31, 2017 were \$657,306 and \$340,683 on October 31, 2016.

Liabilities increased from October 31, 2016 mainly because of the amount due to a Director as a result of a loan. For the year ended October 31, 2017 working capital was a deficit of \$543,572 and versus a surplus of \$282,710 for year ended October 31, 2016. The decrease in working capital was mainly a result of the reduction in accounts receivable from \$279,902 for the year ended October 31, 2016 to \$9,940 for the year ended October 31, 2017 as well as the reduction of the amount due from a director of \$196,179 for the year ended October 31, 2016 to \$Nil for the year ended October 31, 2017. In addition for the year ended October 31, 2017, the Company owed a director \$286,732 versus \$Nil for the year ended October 31, 2016 which was also a contributing factor for the reduction in working capital.

The establishment of new markets for technology companies and the winning of tenders involves significant financial risks. The success of the Company is dependent upon the winning of tenders and its ability to establish new markets for its products and to bring such products into profitable production. The Company is subject to a number of risks, including contractual risks, obsolescence risks, competition risks, legal risks and political risks, and other factors beyond the Company's control. The Company has not yet generated enough revenue to date to sustain all operations. The Company incurred a net loss of \$993,997 during the year ended October 31, 2017 and has an accumulated deficit of \$3,038,505. As of October 31, 2017, the Company has cash resources of \$73,812 which is considered insufficient to meet its obligations for at least twelve months from the end of the reporting period.

Management considers that the current economic environment is difficult and the outlook for companies bringing new unproven products to market presents significant challenges in terms of raising funds through the issuance of shares or debt. To the extent necessary, the Company has relied on its ability to raise funds via equity issuances in order to finance its operations. The Company has been successful in raising funds in previous years. However, there can be no assurance the Company will continue to be able to raise funds under suitable terms. In addition, management has instituted measures to preserve cash through significantly decreasing its corporate costs.

Management has concluded that the combination of these circumstances casts substantial doubt on the ability of the Company to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

## Shareholders' Equity

Shareholders' deficit at October 31, 2017 was \$(538,950) versus equity of \$301,477 on October 31, 2016. The decrease was a result of the loss in the year.

## Fourth Quarter

During the three month period ended October 31, 2017 the Company had sales of \$1,472,237 as compared to \$319,915 for the three month period ended October 31, 2016. The Company's sales can fluctuate dramatically as expected from a tender based business. The cost of sales for the three month period ended October 31, 2017 was \$1,268,767 versus \$181,634 for the three month period ended October 31, 2016. Gross profit for the three month period ended October 31, 2017 was \$203,470 or 14% versus \$138,281 or 43% for the period ended October 31, 2016. The decrease in gross profit percentage was due to the higher margin achieved on a relatively small sale in the fourth quarter of 2016. The results of every tender will differ based on competition and budgets available from clients.

Operating expenses decreased to \$187,116 for the three month period ended October 31, 2017 from \$370,489 for the three month period ended October 31, 2016. The decrease was the result of cost cutting measures and less projects underway on October 31, 2017.

Professional fees were \$51,008 for the three months ended October 31, 2017 versus \$61,959 for the same period in the previous year. The small decrease was due to the reduction in audit costs as a result of decreased activity. Management and consulting fees including salaries and wages were \$125,730 for the three months ended October 31, 2017 compared to \$223,293 for the three month period ended October 31, 2016. The decrease was a result of the reduced activity of the Company in the 4<sup>th</sup> quarter of 2017. Listing and filing fees were \$19,876 for the three month period ended October 31, 2017 versus \$3,968 for the same period in the previous year. The difference was a result of the costs of obtaining DTC eligibility in the United States in the 4<sup>th</sup> quarter of 2017. Travel for the three month period ended October 31, 2017 was \$11,963 compared to \$29,457 for the same period in 2016. The decrease was due to less travel necessary from the United States to Hong Kong and South Africa as a result of less projects underway. Office and general was \$32,695 for the three month period ended October 31, 2017 versus \$24,983 for the three month period ended October 31, 2016. The increase was immaterial despite cost cutting measures. Depreciation for the three months ended October 31, 2017 was \$2,373 versus \$15,539 for the three months ended October 31, 2016. There were minimal funds spent on marketing as a result of a shortage of funding and the final tooling for prototyped products not being completed. Research and development costs were \$2,334 for the three months ended October 31, 2017 as a result of the Company's cash position.

## Contractual Obligations and Off-Balance Sheet Arrangements

Novateqni and its subsidiaries are not subject to any contractual obligations or off-balance sheet arrangements, except that in the normal course of business, the Company enters into agreements that include indemnities in favour of third parties. These include engagement letters with advisors and consultants, and service agreements. The Company has also agreed to indemnify our directors and officers in accordance with Novateqni's constating documents and bylaws. Certain agreements do not contain any limits on Novateqni's liability and therefore it is not possible to estimate Novateqni's potential liability under these indemnities. In certain cases, Novateqni has recourse against third parties with respect to these indemnities.

## RELATED PARTY TRANSACTIONS

The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was as follows:

	2017	2016
Consulting fees	\$ 273,841	\$ 347,479
Share-based payments	127,836	-
	<u>\$ 401,677</u>	<u>\$ 347,479</u>

The Management fees paid to Novameric represents research and development and design of the technology based solutions and related hardware that is completed by NovaMeric. NovaMeric is the majority shareholder of the Company and is controlled by the Company's Chief Executive Officer. Of these related party amounts, \$Nil is included in accounts payable and accrued liabilities as of October 31, 2017 (2016 - \$64,820). Due from Novameric of \$Nil (2016 - \$2,582) represents an amount advanced for expenses to be incurred on the Company's behalf. As a result of the transfer of operations from Novameric to Novateqni South Africa, several operating expenses were incurred by Novameric on Novateqni South Africa's behalf. These expenses were reimbursed to Novameric.

On October 14, 2015, the Company loaned the Chief Executive Officer, who is also a director of the Company \$250,000 CDN to assist with his relocation. The loan carried interest of 5% per annum and was repayable on or before October 14, 2016. As security for repayment of the loan, The Chief Executive Officer's wholly owned company, NovaMeric Pty Ltd. pledged 10,000,000 of its own common shares until the loan and all interest and any other amounts payable under the loan were paid in full to the Company. The loan and accrued interest were repaid during the year.

During the period ended October 31, 2017 the Chief Executive Officer/Director loaned the Company funds for operations. The amount due to the Chief Executive Officer/Director on October 31, 2017 was \$286,732. The loan is non-interest bearing and has no set repayment terms.

All related party transactions are recorded at fair value.

## Business Risks

Novateqni's faces a number of risks. (See "Note Regarding Forward-Looking Statements").

The business of Novateqni will involve a high degree of risk and there can be no assurance that it will continue securing contracts. The Company currently predominantly relies on contract bids with the voter registration business and this business is based on tenders through marketing partners.

## Financial Instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

### Financial assets

*Fair value through profit or loss* - This category comprises assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried on the Consolidated Statement of Financial Position at fair value with changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a

specific counterparty will default.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

#### Financial liabilities

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss.

*Other financial liabilities* - This category includes accounts payables and accrued liabilities which are recognized at amortized cost.

The Company's financial instruments include cash, trade receivables, due from Novameric due from director, and accounts payable and accrued liabilities and customer deposits. Cash is classified as fair value through profit or loss. Trade receivables, due from Novameric and due from director are classified as loans and receivables. Accounts payable and accrued liabilities and customer deposits, are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to their short-term nature. Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market data.

The Company's cash is measured based on Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. The Company has deposited the cash with reputable Canadian, United States, South Africa, and Hong Kong financial institutions, from which management believes the risk of loss is minimized. The Company is subject to concentration of credit risk as 100% (2016 – 80%) of trade receivables is from one of its customers. The Company continuously evaluates that financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in profit or loss.

#### *Liquidity risk*

Liquidity risk management involves maintaining sufficient cash and the availability of funding through an adequate amount of committed credit lines. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company has current assets of \$113,734 (2016 - \$623,393) to settle current financial liabilities of \$657,306 (2016 - \$340,683). Accounts payable and accrued liabilities generally have contractual maturities of 30 days and they are all current.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

### *Interest rate risk*

The Company's current policy is to invest excess cash in short term guaranteed investment certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

### *Foreign currency risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at October 31, 2017, the Company had \$31,515 in current assets (2016–\$231,400) and \$562,748 in current liabilities (2016 - \$186,825) denominated in Canadian dollars. A 10% change in exchange rates would cause an increase/decrease of approximately \$41,289 to comprehensive loss. As at October 31, 2017, the Company had R524,624 (2016 - R210,353) in current assets and R844,073 (2016 - R660,305) in current liabilities denominated in South African Rand. A 10% change in exchange rates would cause an increase/decrease of approximately \$2,216 to comprehensive loss.

## **Critical Accounting Estimates**

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

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are discussed below:

The Company makes allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

The Company measures the cost of non-cash stock based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for non-cash stock based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The Company measures the cost of non-cash stock based compensation transactions with consultants by reference to the fair value of the services to be performed.

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

## Outlook

During the twelve month period NovaTeqni developed the ID800 which is a smart camera for use in civil identification projects. NovaTeqni and its partners were awarded a contract by the United Nations to manufacture and supply this smart camera as part of the Company's voter registration solution for Liberia. Along with the ID800 smart camera, the Company also supplied more than a thousand NovaTeqni designed solar power packs and high capacity battery packs. The ID800 smart camera has Sony optics, uses the Android operating system, has a 5" touch screen, contains software to capture high quality identity photographs and provides the ability to directly print ID cards. The smart camera is biometrics capable (face and fingerprint) and can perform a variety of elections, civil enrollment and identification related functions.

As previously reported, NovaTeqni is executing its strategy to develop and include standard products in its range of revenue earning solutions. Although the new ID800 smart camera was initially developed around civil enrollment, it's range of applications is being broadened to make it into a standard product.

During the twelve month period ended October 31, 2017 the Company also completed development of and started demonstrations of a few new ID related products such as the Nova Smart Ballot Box and the new updated version of the ID250 robust biometrics mobile computer. In addition, the Company has developed an off grid solar power solution for remote locations which will provide electricity to villages in Africa. The Company is currently working on incorporating blockchain into token based system.

Production ready tooling for all of the above products still has to be completed.

In spite of the focus on standard products, the Company will continue undertaking special projects which include Request for Proposal based projects, as well bespoke solutions as requested.

The biometrics enabled, cloud based Malawi Farmers Management System has been completed and will soon commence Phase II of the rollout which will see the addition of new functionality, such as track and trace of produce right from the farm. The system can be modified for use in agricultural based application. Future added functionality will also include mobile payments.

NovaTeqni is still in the running with regards to some Request For Proposal based opportunities and the Company is bidding other tender based projects. Although these are big opportunities, NovaTeqni will continue to add standard products to its offerings to reduce the reliance on such projects.

## Future Accounting Pronouncements

IFRS 9, Financial Instruments ("IFRS 9"). The IASB has deferred the mandatory effective date for IFRS 9 to annual periods beginning on or after January 1, 2018. Earlier application is permitted. If an entity applies this IFRS in its financial statements for a period beginning before January 1, 2018, it shall disclose that fact and at the same time apply the consequential amendments to other IFRSs. An entity that did not already apply IFRS 9 as issued in 2009 must apply IFRS 9 as issued in 2010 in its entirety if electing early application. If an entity has already early applied IFRS 9 as issued in 2009, prior to the amendments issued in 2010, the entity may elect to continue to apply IFRS 9 as issued in 2009.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). In May 2014, the IASB issued a new standard on the recognition of revenue from contracts with customers. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue.

IFRS 16 replaces IAS 17, Leases; and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the consolidated statement of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retroactive application and with early adoption permitted.

IAS 7 Statement of Cash Flows (Amended) ("IAS 7"). The Amendments to IAS 7 require disclosures that enable financial statement users to evaluate changes in liabilities arising from financing activities, including both changes

arising from cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 12 Income Taxes (Amended) ("IAS 12"). The amendments to IAS 12 Income Taxes clarify the recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017.

IFRIC 22 Foreign Currency Transactions and Advance Consideration issued by the IASB in December 2016, provides guidance on the issue of the "date of the transaction" for the purpose of determining the exchange rate at the time of the transaction, to apply to transactions that are within the scope of IAS 21, Effects of Changes in Foreign Exchange Rates, which involve the receipt or payment of an advance consideration in a foreign currency. The interpretation applies for annual reporting periods beginning on or after January 1, 2018.

IFRIC 23 Uncertainty over income tax treatments issued by the IASB in June 2017, provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019.

The Company has not yet determined the impact on its consolidated financial statements from the adoption of these future accounting pronouncements.

### **Capital Management**

The Company's capital is composed of cash and shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available in order to support the development of its technology based solutions. In order to carry out the expansion of the Company's product lines and pay for administrative costs, the Company may spend its existing working capital and may raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements. As at October 31, 2016, the Company's shareholders' equity was \$301,477 compared to a deficit of \$538,950 on October 31, 2017. As at October 31, 2016 the Company had current liabilities of \$340,683 compared to \$657,306 as at October 31, 2017. The Company will need to generate more sales or raise capital through equity placements and/or long term debt financing in order to address the current liquidity issue.

The Company is not subject to any externally imposed capital requirements.

## Outstanding Share Data

As at October 31, 2017 the Company had the following securities issued and outstanding

	<u>Number</u>
Class A Common Shares	32,236,815
Stock Options	2,700,000

On February 21, 2017, the Company granted 1,325,000 stock options to certain directors, officers and consultants of the Company. Each of the stock options vested immediately, has an exercise price of \$0.25 per common share, and expires on February 21, 2022. In addition, a total of 500,000 stock options were forfeited.

## Directors and Officers

*Gerhard Mynhardt, Director, President, CEO*

*Dan Horner, Director, Secretary*

*Leroy Wolbaum, Director*

*Larry Youell, Director, Chairman, Interim CFO*

## Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because the Company can give no assurance that they will prove to be correct.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada and globally; industry conditions, including governmental regulation; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, skilled personnel and supplies; changes in tax laws; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. The Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

On Behalf of the Board,  
**NOVATEQNI CORPORATION**

*"Gerhard Mynhardt*

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Gerhard Myhardt  
President and Director