INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

Toronto, Ontario
August 25, 2016

Wi2Wi
Interim Management's Discussion and Analysis ("MDA")

Forward-Looking Statements:

This MD&A includes information that is forward-looking in nature. Such statements concern the future earnings of the Company, its operations, its financial results and its financial condition. These forward-looking statements can be identified through use of expressions such as "believe", "foresee", "anticipate", "estimate", "expect" and other similar types of terms and are based on the information available at the time that they were made and on the good faith of management according to information available at this time. We wish to advise the reader that by their very nature, forward-looking statements include an element of uncertainty and the actual results may be significantly different from the assumptions and estimations. The actual results will be affected by numerous factors over which the Company has no influence. Consequently, we recommend against placing undue trust in such forward-looking statements since future events and actual results may differ significantly from any forecasts. Unless otherwise stipulated under current law, the Company does not intend to update these statements to take into account new facts or future events and it makes no undertaking to do so.

Management's Discussion and Analysis

The following MD&A is a review of operations, current financial position and outlook for Wi2Wi Corporation ("Wi2Wi" or the "Company"). It is dated August 25, 2016 and should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements as at and for the periods ended June 30, 2016, and 2015 and Audited Consolidated Financial Statements for years ended December 31, 2015 and 2014, and Management's Discussion and Analysis for the years ending December 31, 2015 and 2014, all of which are available on SEDAR at www.sedar.com. This MD&A has been authorized for issue by the Board of Directors on Aug 24, 2016.

All dollar amounts are in thousands of United States Dollars, unless otherwise noted. The Company's functional currency is United States Dollars.

The financial statements of the Company have been reviewed and approved by the Board of Directors. The information that follows has taken into account all significant events that have occurred up to June 30, 2016.

Description of Business

Wi2Wi is a vertically integrated manufacturer providing connectivity solutions, precision timing devices, frequency control products and microwave filters to the global market. Wi2Wi's miniaturized wireless System-in-Package (SIP) connectivity solutions are well accepted in the global market for Machine-to-Machine (M2M) and Internet of Things (IOT) and portable device embedded applications worldwide. Acquisition of net operating assets of Precision Devices Inc. ("Precision"), in November 2014 enabled Wi2Wi to expand its product lines by adding frequency control and timing devices to its existing product offering. Precision's, rugged, robust and reliable high end crystals and oscillators, crystal filters, RF and microwave filters are widely used and well recognized in the premium markets; industrial, avionics, space, medical and defense.

Headquartered in San Jose, California, the heart of the Silicon Valley with manufacturing operations in Middleton, Wisconsin, the industrial belt of North America, Wi2Wi provides leading-edge wireless solutions, customized Precision Timing Devices, Frequency Control Products and Microwave Filters for customer applications worldwide with substantial savings on time-to-market, cost and system-integration. Wi2Wi also leverages its technology along with tier-1 global partnerships with industry leading silicon and supply chain companies, serving several Fortune-500 customers. The Company set up an engineering development center in Hyderabad, India where research, and product development of its wireless connectivity product family and the software development will be undertaken. The cost of engineering and software expertise will be in region of 30% of the salary that would be paid for an engineer with similar experience in North America. The Company also plans to use this office to launch our products into India and in China and provide real time technical support for the customers located in Asia-Pacific.

Wi2Wi's strategic objective is to service the unique needs of each customer by providing wireless integration solutions, thereby speeding up the customer's design, development and manufacturing cycle and reducing the end product overall cost. Wi2Wi's products and value-added services provide highly integrated, rugged, robust and reliable, multifunctional wireless integration solutions with integrated software, customised frequency control devices, timing devices and microwave filters for customer applications globally. *Wi2Wi distinguishes itself from commodity grade products, having developed products with integrated software, broader temperature ranges, longer useful lives, and greater robustness and ultimately providing end to end solutions to its global customer base. The Company also provide custom software to its wireless connectivity customers.*

Wireless connectivity is the primary communication back bone of Internet of Things (IoT) and customer's needs are unique due to the nature of the application of their end products and the level of wireless integration expertize they possess. Wi2Wi has created three distinct product architectures and supported by integrated software. The product architecture and software are based on the best known, rapidly adopting and fastest growing global wireless standards. The wireless connectivity modules are based on 802.11ac, 802.11 a/b/g/n, 802.11 ac/a/b/g/n, Bluetooth, Bluetooth smart ready, 802.11ac, NFC and dual mode BT (Smart ready BLE4.2) combo and GNSS (navigation) modules based on various constellations such as GPS, BeiDou and GLONASS.

The Company has created a standard design platform for its frequency control, timing devices and microwave filters. This platform allows the Company to easily customize and meet the highest application demand from customers and timely service customers with rugged, robust and reliable products cost effectively. Such cost effective customization with superior performance are highly required in the markets such as avionics, space and defense

Wi2Wi's product strategy focuses on the various applications in the following markets; Internet of Things (IoT), Machine to Machine/Industrial IoT (M2M/IIoT), avionics, space, defense and other industrial applications. Wi2Wi's products and value-added services are highly desirable in these markets

Highlights 2015 and quarter ended 2016

- On June 27 2016, the Company announced Fundamental Research Corporation based in Vancouver, BC, Canada initiating coverage on the Company.
- On June 13 2016, the Company announced Bluetooth Low Energy (BLE) embedded module with Industry's best in class performance and power conception specifically targeting the Internet of Things (IoT) market.
- On May 24 2016, the Company announced Dr. Kalliwoda research GMBH (based in Germany) initiating coverage on the Company.
- On May 24 2016, the Company announced WM826C00, best in class 802.11ac/a/b/g/n module addressing the low power and high performance WLAN requirements of the IoT and M2M markets.
- On May 18, 2016, the Company announced FC7 Series Wide Temp Range Ceramic Crystal Clock Oscillator addressing avionics, space, military and industrial applications.
- On February 29, 2016, the Company announced receiving three year purchasing agreement from Rockwell Collins.
- On February 1, 2016, the Company announced multi-protocol WM826 family of products, in its maximum performance (MX) series with industry's highest level of integration addressing various demanding applications in the Internet of Things (IoT) and Machine to Machine (M2M) markets.
- On January 4, 2016, the Company announced Surface Mount ("SM") series of military style packaging for the Lumped Crystal Filter family of products addressing demanding applications in avionics, military and industrial markets.
- On December 8, 2015, the Company announced the appointment of Ramesh Duvvuru, an industry veteran in wireless connectivity as Vice President of Engineering.
- On November 16, 2015, the Company announced establishment of a design and engineering centre in Hyderabad, India.
- On October 28, 2015, the Company issued:
    - 30,570,082 Common Shares to LaSalle as consideration for the Debenture, accrued interest amounting to $168, and the interim funding amounting to $524.
    - 4,509,639 Common Shares issued for conversion of note payable and certain other trade obligations to a creditor of the Company.
    - 334,000 Common Shares issued to a trade creditor in settlement of the creditor's obligation.
    - 1,000,000 Common Shares issued to a former executive of the Company in settlement of his claim, in addition to a payment of $325.
- On October 27, 2015 the Company announced receipt of a Silver Status Award from Rockwell Collins for the Company's superior supplier performance among Rockwell's preferred suppliers.
- On October 16, 2015, the Company announced its DL4 series Ceramic Crystal Clock Oscillators, addressing the growing demand for high performing products in avionics, space, industrial, military and other markets.
- On August 4, 2015, the Company announced high performing, cost effective best in class Wi-Fi module solution, W2SW0025 addressing the IoT and M2M market.
- On March 30, 2015, the Company announced a new line of CLC Series of Filters. The CLC Filter Series are Lumped Element (LC) Filters and are offered in standard and custom packaging, including surface mount, through-hole mounting, and connectorized packaging. The CLC Filter Series is configurable to meet the customer's requirements and available in frequency ranges from DC to 3.5 GHz. The CLC filter series addresses the unique demand in premium market verticals: Military, Avionics, Space, and GPS.

Summary of Quarterly Results:

The following table presents selected quarterly financial data for the last eight quarters.

Statement of results	2016	2016	2015	2015
	Q2	Q1	Q4	Q3
	$	$	$	$
Revenue	2,499	2,357	2,549	3,123
Gross margin	782	637	510	1,324
Gross margin%	*31%*	*27%*	*20%*	*42%*
Research and development	286	319	304	512
Selling general and administration	596	594	746	660
Income (loss) from operations	(98)	(276)	(539)	152
Gain on conversion of debt/other Income/Taxes	103	-	1,335	-
Net income (loss) and total comprehensive income (loss)	5	(276)	854	142
-per share (in $)	0.00	0.00	0.01	0

Statement of results	2015	2015	2014	2014
	Q2 $	Q1 $	Q4 $	Q3 $
Revenue	4,002	4,632	3,348	2,061
Gross margin	1,361	1,337	965	1,063
Gross margin%	*33%*	*29%*	*29%*	*51%*
Research and development	321	221	172	202
Selling general and administration	765	581	1,065	661
Income from transfer of technology	-	-	562	1,688
Income from operations	27	535	302	1,888
Gain on bargain purchase	-	-	678	-
Gain/(loss) on conversion of debt	-	-	(234)	-
Net income and total comprehensive income	186	439	634	1,860
-per share (in $)	0.00	0.00	0.01	0.02

Results of Operations:

The unaudited condensed consolidated interim financial statements for the periods ended June 30, 2016 and 2015 form integral part of this MD&A.

Quarter ended June 30, 2016 as compared with the Quarter Ended June 30, 2015:

Revenue

	June 30, 2016	June 30, 2015
	$	$
Revenue	2,499	4,002

The Company has a premium customer base in avionics, medical, space, infrastructure, IoT and defence. Acquisition of Precision offers the opportunity for cross selling connectivity solutions and GNSS into market segments currently not being serviced. Selling into Precision's existing customer base will save the Company both time and money in entering new markets for connectivity solutions and GNSS.

The Company has not entered the low revenue, low margin market which is well supported by large manufacturers. Instead it has built its reputation on creating effective solutions geared towards lower volume, higher revenue and higher margin markets. The Company intends to continue with this program, while exploring opportunities with potential customers that can utilize the Company's products. The Company products are designed to withstand larger temperature variances than the products targeted for the commodity market, and are built to a higher degree of robustness and for longer life cycles.

Revenues for the quarters ended June 30, 2016 and 2015 were $2,499 and $4,002 respectively. Higher revenues for the period ended June 30, 2015 was primarily due to the acquisition of Precision. In addition, Precision was not able to fulfil a number of orders booked in 2014. These unfulfilled orders were shipped in the various months in 2015.

The decrease in revenues for the three month period ending June 30, 2016 as compared to same period in 2015 was due to:

- Shipment of a number of 2014 backorders in FY 2015.
- Company is fully exiting from extremely low margin business in Frequency control and timing devices market
- The Company has not entered the low margin market for the wireless connectivity products which is well supported by the large manufacturers with capacity to manufacture in large volumes. The Company expanded this model to the frequency control and timing devices business and intends to continue with this program, while exploring opportunities with potential customers that can utilize the Company's products. Consequently the Company decided to exit fully from certain traditional low margin business for its frequency control and timing device products. For 2016 the Company elected not to tender for approximately $1.5 million worth of business which would have yielded unacceptable low margins. The Company's products are designed and built to a higher degree of robustness and for longer life cycles. These customized products generally yield much higher margins.
- A number of connectivity products had reached end of life. Due to cash constraints in prior years the Company had not invested in new viable products. In 2015 the Company restructured its connectivity research and development program. In December of 2015, the Company hired an industry veteran Ramesh Duvvuru, based in San Jose, to head Research and Development of its wireless connectivity products and opened an engineering center in Hyderabad, India.
- The company has observed certain slowdown in aerospace and defense markets but seeing increased demand for newer technology products in IoT market.
- Reinvestment commenced in 2015 and 2016 in both wireless connectivity solutions and frequency control and timing devices. The company announced seven new products (see "Highlights" section above) which we anticipate will yield revenue in late 2017.
- Investment in new frequency control and timing devices will take approximately 36 to 48 months to generate meaningful revenues due to the nature of the market, e.g. Military, Space and Avionics. Products designed-in will have to go through rigorous testing, and government approval process in order to qualify.
- Investment in new wireless connectivity products will take approximately 18 to 24 months, to generate meaningful revenues depending on the application. Products designed into medical applications can take longer due to Federal Drug Administration requirements, while products for smart home applications can take significantly less time.
- A number of potential customer are in process of evaluating the Company's new products. However the Company does not recognise a design win until the end customer certification process is complete.

The Company relies on direct sales as well as its global distribution network to sell its products, supported by the sales team in San Jose, Middleton, European Union and the sales representative network that has been established in North America, European Union and in Asia Pacific. For certain distributors the Company does not recognize revenues until the distributors have sold the product to a third party, and the right of return or price protection has lapsed.

The Company is implementing programs to increase its software solution content and services along with highly customizable hardware and other components to increasingly become more of a complete and differentiating solution provider than it has in the past. It will aggressively review opportunities that add value to its product range, increasing its involvement in addressing customer needs by providing products, software applications and services beyond the range of the products currently being provided.

The Company is of the opinion that being a full service solution provider will increase its involvement with current and future customers. By doing so, this will decrease the development cycle, with the Company providing the interfaces required to connect its products more effectively with customer applications. Shrinking the design cycle allows customers to complete their development, testing and manufacturing processes and thereby introducing their products into the market place much earlier. Not only will this increase the Company's involvement with customers to a greater degree than historically, but it will enhance its reputation as an end to end plug and play wireless connectivity solution provider with an advanced product line. These programs are being designed based on the customer's expectations and on the technical knowledge to be able to satisfy these expectations. Although the Company is confident that it will have the necessary resources to satisfactorily address these needs, the timing and success is dependent on various factors that could delay implementation or affect the success of any such program.

Revenue is booked and collected in the functional currency of its self-sustaining foreign subsidiary, Wi2Wi Inc., in its local currency being US dollars.

Gross Profit

	June 30, 2016	June 30, 2015
	$	$
Gross Profit	782	1,361
Gross profit %:	31%	33%

Cost of revenues consists of the costs of parts; costs incurred with contract manufacturers to assemble and test the Company's products, as well as the direct and indirect costs incurred to control and test the outsourced manufacturing and supply chain.

Gross profits for the quarter ended June 30, 2016 and June 30, 2015 were $782 and $1,361, respectively. Gross profits decreased by $579, or 43% for the quarter ended June 30, 2016, compared to the same period in 2015. The decrease in gross margin dollars is due to decrease in revenues. Gross margins as percentage of revenues for the quarters ended June 30, 2016 and 2015 were 31% and 33%, respectively.

- Gross margin percentage for connectivity products increased from 50% to 78%.
- Gross margins for frequency controllers and timing devices increased from 23% to 27%.
- Lower shipments of higher margin wireless connectivity products in 2016 compared to 2015 reduced the overall margins from 33% to 31%

Historically, from 2011 to 2014, margins for the frequency control and timing devices averaged less than 15%, while wireless connectivity products yielded margins in the region of 55%. Low margin yields in frequency control and timing devices were due to products targeted for the consumer and distribution markets, combined with low manufacturing yields for products manufactured in the Middleton Wisconsin plant. The Company has identified and implemented processes to improve the production yield and has exited from the extremely low margin consumer and distributed business. This effort has enabled the Company to increase the average margin for these products from 11% in 2014 to 17% in 2015, 23% Q1 2016 and 27% in Q2 2016. The overall margin can fluctuate quarter over quarter due to the product mix shipped in that particular quarter

The Company has started to invest in new capital equipment, and continues to review and improve the production processes. The Company's goal is to increase the average gross margins for the combined products to 50%.

As production runs increase for the new generation of products, it is possible to negotiate lower pricing for products and assembly costs, which constitutes the major portion of cost of products sold. Lower volumes will have an adverse effect on the ability to achieve meaningful cost reductions. Despite the small size of the Company's products, logistics costs are high as much of this cost relates to air shipments into and out of the Far East. Larger shipment size will reduce the per-unit cost.

Research and Development Expenses ("R&D")

Research and Development Expenses

	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
In thousands of Dollars	$	$	$	$
Compensation	258	285	549	498
Other costs	28	36	56	44
Total research and development	286	321	605	542

Research and development expenses consist primarily of expenses related to the design of the Company's products and development of prototypes. Research and development expenses for the quarters ended June 30, 2016 and 2015 were $286 and $321, respectively.

Investment in R&D: Due to severe cash constraints in prior years, the Company experienced delays in introducing new products. The Company is in a position to commence a modest product development program. The current modest investment in R&D is anticipated to impact its operations in late 2017. Introduction of new products would be accelerated if the Company had additional cash resources. In order to maximise the cash resources, the Company announced in November 2015 that it had established a new Design and Engineering ("D&E") center in Hyderabad, India, where engineering, software development, technical expertise and other resources for product development can be obtained at a significant discount compared to the same resources in North America.

The Company has a forward looking program not only for upgrading its current product range, but in utilizing these, where possible, in developing further applications for key market segments, shortening the cycle from inception to delivery. The Company has streamlined and revised its product development strategy for both wireless connectivity and frequency control and timing devices business. This will align the Company to its markets and will provide end to end to solutions for each customer application.

The Company has created a standard design platform for its frequency control, timing devices and microwave filters. This platform allows the Company to easily customize and meet the highest application demand from the customers on a timely basis, to provide the customers with rugged, robust and reliable products cost effectively. Customization with superior performance are a requirement in avionics, space and defense markets.

For wireless connectivity, the Company has created three distinct hardware architectures to support the end customers unique requirements based on their technical capability. These architectures are fully supported by a robust software ecosystem. In order to carry out cost effective research and development the Company has started a design and engineering centre in Hyderabad, India to tap into a highly qualified talent pool. The severe cash constraints doesn't permit the company to invest aggressively in R&D.

Selling, General and Administrative Expenses (SG&A)

Selling, General and Administrative Expenses (SG&A)

	Three Months ended June 30		Six Months ended June 30	
	2016	2015	2016	2015
In thousands of Dollars	$	$	$	$
Compensation	276	567	580	1114
Depreciation and amortization	10	9	20	30
Facility related expenses	40	70	80	122
Professional and consulting services	33	65	115	140
Other costs	237	-2	345	66
Total selling, general and administrative	596	709	1140	1472

Revenue for connectivity solutions is generated through the distributor network. These partners will hold inventory and ship to customers when orders are received through the Company's sales network or through their own infrastructure. The Company's sales network is managed through the sales staff and inside sales staff, who are supported by a global network of specialized representatives who are compensated based on the level of revenue they generate each quarter.

Selling expenses consist of sales and marketing expenses associated with efforts to market and sell the Company's products. General and administrative expenses consist of expenses for administrative personnel, professional fees, insurance and other corporate expenses. SG&A expenses for the quarters ended June 30, 2016 and 2015 were $596 and $709, respectively.

Compensation for periods ending June 30, 2016 and 2015 were $276 and $567, respectively. Decrease in compensation was due to reduction of staff in administration. Administration processes have been streamlined.

Professional fees for periods ending June 30, 2016 and 2015 was $33 and $65, respectively. In 2015 the Company incurred additional professional fees due to the acquisition of Precision in November 2014.

The Company has marketable securities trading on the OTCBB. These shares in Legend Oil and Gas Limited, are required to be adjusted to market values as at end of the reporting period. At the end of the first quarter in 2015 the value of Legend shares had increased by $182 from market value recorded December 31, 2014. However at the end of first quarter in 2016, the market value decreased from that reported at December 31, 2015. The Company has been actively looking to sell these shares, however the market for these shares is extremely limited. The value of the investment at June 30, 2016 was approximately $22.

Interest Expenses

	June 30, 2016	June 30, 2015
	$	$
Interest	-	68

There was no interest expense for the quarter ended June 30, 2016. In 2015 the Company converted its interest bearing debts to common shares of the Company. Interest expense in quarter ending June 30, 2015 was $68.

Liquidity and Capital Resources:

The Company had a cash balance of $722 as of June 30, 2016, compared to a balance of $953 as of December 31, 2015.

The Company had a working capital of $3,898 as of June 30, 2016 compared to working capital of $4,012, as of December 31, 2015 respectively and shareholders' equity of $5,357 and $5,536 at June 30, 2016 and December 31, 2015 respectively. . Management does not anticipate a working capital deficiency.

The Company in the period ending June 30, 2016 had a net decrease in cash of $178.

The Company has managed capital by budgeting for its working capital needs, and in the process of securing debt and equity financing in order to fund its operations. However sources for capital are difficult to come by.

The Company had entered into a new $2 million revolving credit facility ("Facility") with Wells Fargo Bank, National Association ("Wells Fargo"), to be supported by cash collateral of $500. The $2 million facility will be available when the Company achieves profitability based on rolling four quarters at which time the collateral of $500 will be released. At this time it is unknown if the Facility will be available for the 2016 fiscal year.

The interest on the Facility will be LIBOR plus 3%, and has an annual standby charge of 0.25%, charged quarterly. The Company has granted a security interest to Wells Fargo in all the property of the Company. Interest only payments are due monthly with the principal due at maturity, which will be May 31, 2017.

Operating Activities, Three Months ended June 30, 2016 and 2015

In the three months ended June 30, 2016, operating activities used cash of $156, compared to cash generated of $300 in the same period in 2015. In period ended March 31, 2015 the Company received its final payment on the transfer of technology to its customer recorded in 2014, and increased the distributor sales to the end customer.

Investment Activities

Cash flow related to investment activities consisted of expenditures for equipment in the three months ended June 30, 2016 ($22) and 2015 ($61). The Company is not capital intensive as the capital expenditures were minimal for the second quarter of 2016. The Company anticipates funding future capital investments by operating leases financing.

Financing Activities

There were no financing activities in the second quarter of 2016.

Related Party Transactions

The Company had issued 4,509,639 shares on October 28, 2015 in settlement of liabilities to Norton Rose Fulbright Canada LLP. In the quarter ending June 30, 2016, Norton Rose Fulbright did not provide any services to the Company. At June 30, 2016, the Company did not have any payables due to Norton Rose.

Off Balance Sheet Arrangements

There were no off balance sheet transactions entered into during the period, as of the date of this MD&A.

Application of Critical Accounting Estimates

Significant accounting policies used by the Company and critical accounting estimates and judgments made by the Company are disclosed in Note 3 and 4 to the unaudited condensed consolidated financial statements for the three month period ended June 30, 2016 and 2015, and in Note 4 and 5 to the Annual Audited Financial Statements for the years ending December 31, 2015 and 2014, which are available on Sedar at www.sedar.com. There were no changes in estimates from year end.

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The emergence of new information and changed circumstance may result in actual results or changes to estimate amounts that differ materially from current estimates.

Risk Factors

The Company's business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. The risks and uncertainties described below are those which the Company currently believe to be material, and do not represent all of the risks that the Company faces. Additional risks and uncertainties, not presently known, may become material in the future or those risks that are currently believed to be immaterial may become material in the future. If any of the following risks actually occur, alone or in combination, the Company's business, financial condition and results of operations, as well as the market price of our common shares, could be materially adversely affected**.**

Lengthy Sales Cycle

The Company's customers will typically perform numerous tests and extensively evaluate its products before incorporating them into their systems. The time required for the testing, evaluation and design of the Company's products into a customer's equipment can take 18 months or more. Because of this lengthy sales cycle, the Company may experience a delay between the time when it increases expenses for research and development and sales and marketing efforts and the time when it generates higher revenues, if any, from these expenditures. In addition, the delays inherent in its lengthy sales cycle raise additional risks of customer decisions to cancel or change product plans. When it achieves a design win, there can be no assurance that the customer will ultimately ship products incorporating its products. The Company's business could be materially adversely affected if a significant customer curtails, reduces or delays orders during the sales cycle or chooses not to release products incorporating the Company's products. The Company's customers are not obligated to purchase products that the Company has designed for them and may cancel their orders at any time.

Competition

The Company will face significant competition. The market for IoT, connectivity solutions and precision timing and frequency control products is highly competitive and rapidly involving. More established and larger companies with strong brands and greater financial, technical and marketing resources that compete with Wi2Wi and this competition is expected to intensify, and thus the Company may be unsuccessful in competing against current and future competitors. Many of the Company's competitors and potential competitors have longer operating histories, greater name recognition, complementary product offerings, a larger customer base, and longer relationships with customers and distributors, and significantly greater financial, sales, marketing, manufacturing, distribution, technical, and other resources than the Company has. As a result, they may be able to respond more quickly to customer requirements, to devote greater resources to the development, promotion, and sales of its products and to influence industry acceptance of their products better than the Company can. These competitors may also be able to adapt more quickly to new or emerging technologies or standards and may be able to deliver products with performance comparable or superior to that of the Company's products at a lower cost.

Customers

The Company sells products to OEM's, enterprises, distributors, and have sales agreements with customers comprising a significant portion of our revenue. The Company's business and future success depends the Company's ability to maintain and build on existing relationships and develop new relationships with OEMs, enterprises, distributors, resellers and network operators. If certain of the significant customers, for any reason, discontinues their relationship with us or reduces or postpones current or expected purchase orders for products, or suffers from business loss, our revenues and profitability could decline materially.

Reliance on Third Party Distributors and Sales Representatives

The Company has entered into relationships with distributors and sales representatives to sell its products, and the Company will be unable to predict the extent to which these partners will be successful in marketing and selling its products. Moreover, its distributors and sales representatives may also market and sell competing products. The Company's future performance will also depend, in part, on its ability to attract additional distributors or sales representatives that will be able to market and support its products effectively, especially in markets in which it has not previously distributed its products. If it cannot retain or attract quality distributors or sales representatives, its sales and results of operations will be harmed. The inability of the Company to enter into contracts with qualified individuals could have an effect on the growth of the Company's business within the aforementioned regions.

Loss of Key Personnel Due To Competitive Market Conditions and Attrition

The Company's success will depend to a significant extent upon its senior management and key technical and sales personnel. The loss of one or more of these employees could have a material adverse effect on our business. The Company success will depend on its ability to attract and retain qualified technical, sales and marketing, customer support, financial and accounting, and managerial personnel. Competition for such personnel is intense, and it may not be able to retain its key personnel or to attract, assimilate or retain other highly qualified personnel in the future. In addition, it may lose key personnel due to attrition, including health, family and other reasons. The Company may experience difficulty in hiring and retaining candidates with appropriate qualifications. If the Company does not succeed in hiring and retaining candidates with appropriate qualifications, its business could be materially adversely affected.

Reliance on Industry Partners

The Company will rely on industry partners including suppliers, contractors and joint venture parties in executing its business strategy and operations. As a result, the Company may be exposed to third party credit risk through its contractual arrangements with its current or future suppliers, contractors and joint venture parties. In the event that such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its ability to implement its business strategy and operations.

Liquidity Concerns and Future Financings

Month-end cash balances will continue to decrease due to the fluctuating revenue generation of legacy products from both Wireless Connectivity and Frequency Control and Timing Devices. Due to constraints arising from the delay in growth capital, the company is not and has never been in a position to invest substantially in new product development, especially in product solutions related to Wireless Connectivity. New product releases previously announced in Frequency Control and Timing Devices will take over 18-months to generate any meaningful revenue. Due to the nature of the applications and the markets they address, new product releases in Frequency Control and Timing Devices typically undergo a period of 36 months before generating substantial revenue. Cash on hand decreased from $2,007 on June 30, 2015 to $721 on June 30, 2016. On December 31, 2015 the cash position totaled $953. In reviewing operations throughout the first 6 months of 2016, the company has estimated that total spending on a monthly basis was $782. Monthly revenues would have to supersede this amount in order to sustain current spending. The company is taking the appropriate measures to reduce its cash burn in the second half of 2016.

The Company will require significant capital and operating expenditures in connection with its operations. The capital constraints the company has been experiencing for the past many years is significantly affecting the new product development in wireless connectivity. The Company's future capital commitments will likely exceed its cash resources, which would require the Company to raise additional financing. The development, design and promotion of the Company's products will be very expensive, with a substantial period of time occurring before production can commence. In addition, the Company may incur major unanticipated liabilities or expenses. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that the Company pays to service future debt incurred by the Company and affect the Company's ability to fund ongoing operations. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. It may be difficult or impossible for the Company to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as the Company, restricting access to some institutional investors. Failure to obtain additional financing on a timely basis could result in delay or indefinite postponement of further development of its products. Such delay would have a material and adverse effect on the Company's business, financial condition and results of operations.

Protection of Intellectual Property and Proprietary Rights

The Company's future success and competitive position depends in certain part upon its ability to obtain and maintain proprietary technology used in its principal products. Currently, it has limited protection of its intellectual property in the form of patents. Its existing or future patents may be invalidated, circumvented, challenged or licensed to others. The rights granted thereunder may not provide competitive advantages to the Company. In addition, the Company's current and future patent applications may not be issued with the scope of the claims sought by it, if at all. Furthermore, others may develop technologies that are similar or superior to the Company's technology, duplicate the Company's technology or design around the patents owned or licensed by it. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in foreign countries where the Company may require protection. The Company cannot be sure that steps taken by it to protect its technology will prevent misappropriation of the technology. The Company may from time to time receive notifications of claims that it may be infringing patents or other intellectual property rights owned by third parties.

Intellectual Property Litigation

The Company may become involved with costly and lengthy litigation involving its patents and other intellectual property, which could subject it to liability, require it to indemnify customers or end-users, require it to obtain or renew licenses, stop selling its products or force it to redesign its products. Litigation involving patents and other intellectual property is widespread in the high-technology industry where a number of companies and other entities aggressively bring numerous infringement claims to assert their patent portfolios. These claims could result in litigation and/or claims for indemnification, which, in turn, could subject the Company to significant liability for damages, legal fees and costs. Any potential intellectual property litigation also could force the Company to do one or more of the following:

- stop selling, offering for sale, making or having made products or technology that contains the allegedly infringing intellectual property;
- limit or restrict the type of work that employees involved in such litigation may perform for the Company;
- pay substantial damages and/or license fees and/or royalties to the party claiming infringement that could adversely impact the Company's liquidity or operating results;
- attempt to obtain or renew licenses to the relevant intellectual property, which licenses may not be available on reasonable terms or at all; and
- attempt to redesign those products that contain the allegedly infringing intellectual property.

Reliance of Information Technology Systems

The Company will rely upon the performance of its information technology systems to process, transmit, store and protect electronic information, and the failure of any critical information technology system may result in serious harm to its reputation, business, and results of operations and/or financial condition. It will be dependent on technology infrastructure and maintains and relies upon certain critical information systems for the effective operation of its business. These information technology systems include telecommunications, the Internet, various computer hardware and software applications, network communications and e-mail. These information technology systems are subject to damage or interruption from a number of potential sources including natural disasters, viruses, destructive or inadequate code, malware, power failures, cyber-attacks, and other events. To the extent that these information systems are under the Company's control, it has implemented security procedures, such as virus protection software and emergency recovery processes, to address the outlined risks. It may incur significant costs in order to implement, maintain and/or update security systems that it feels are necessary to protect its information systems. A material breach in the security of its information systems could include the theft of its intellectual property or trade secrets, negatively impact its operations, or result in the compromise of personal and confidential information of its employees, customers or suppliers. While the Company will take necessary action to ensure that its information technology systems are appropriately controlled and that it has processes in place to adequately mitigate these risks, security procedures for information systems cannot be guaranteed to be failsafe. To the extent that any system failure, accident or security breach results in disruptions or interruptions to its operations or the theft, loss or disclosure of, or damage to its data or confidential information, its reputation, business, results of operations and/or financial condition could be materially adversely affected. In addition, a miscalculation of the level of investment needed to ensure its technology solutions are current and up-to-date as technology advances and evolves could result in disruptions in its business should the software, hardware, or maintenance of such items become out-of-date or obsolete. Furthermore, when the Company implements new systems and/or upgrade existing systems, there is a risk that its business may be temporarily disrupted during the period of implementation.

Foreign Operations

A substantial portion of the Company's business will be conducted outside of the United States and Canada and, as a result, it is subject to foreign business, political and economic risks. Some of its products will be developed and/or manufactured outside of North America. In addition, many of its customers are located outside of North America, which further exposes it to foreign risks. The Company's operations outside of North America are directly influenced by the political and economic conditions of the region in which they are located. The Company anticipates that its research, development, manufacturing, assembly, testing and sales outside of North America will continue to account for a significant portion of its operations and revenue in future periods. Accordingly, it is subject to risks associated with international operations, including:

- political, social and economic instability, including wars, terrorism, political unrest, boycotts, curtailment of trade and other business restrictions;
- compliance with domestic and foreign export and import regulations, and difficulties in obtaining and complying with domestic and foreign export, import and other governmental approvals, permits and licenses;
- compliance with foreign laws, and laws and practices that favour local companies;
- difficulties in staffing and managing foreign operations;
- natural disasters;
- trade restrictions or higher tariffs;
- transportation delays;
- difficulties of managing distributors;
- less effective protection of intellectual property than is afforded to us in North America or other developed countries;
- inadequate local infrastructure; and
- exposure to local banking, currency control and other financial-related risks.

The sudden disruption of the supply chain and/or the manufacture of its customer's products caused by any of the foregoing risks could impact the Company's results of operations by impairing its ability to timely and efficiently deliver its products. Moreover, the international nature of its business subjects it to risks associated with the fluctuation of the U.S. dollar versus foreign currencies. Decreases in the value of the U.S. dollar versus currencies in jurisdictions where its third party manufacturers are located have significant costs and will increase the cost of such operations, which could harm its results of operations. If a major earthquake, flood, typhoon, tsunami or other natural disaster were to affect the Company's operations or those of its suppliers, the Company's product supply or testing schedule could be interrupted, which would seriously harm its business. Natural disasters could also affect the operations of the distributors and contract manufacturers it sells to, as well as the operations of its end use customers, which would adversely affect its operations and financial results. Natural disasters anywhere in the world may potentially adversely affect the Company by harming or causing interruptions to its supply chain or the supply chains of its suppliers, direct customers or end use customers.

Managing Growth

In order to manage growth and change in strategy effectively, The Company must continue to:

a) maintain adequate systems to meet customer demand;
b) expand and aggressively invest in research and development, sales and marketing, technical support, distribution capabilities and administrative functions;
c) expand the skills and capabilities of its current management team; and
d) attract and retain qualified employees.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Claims, Insurance and Litigation

The Company had been named as a party to several lawsuits and it may be named in additional litigation in the future, as disclosed in the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014. The ultimate outcome of any litigation could have a material adverse effect on the Company's business and the trading price of the Company's Common Shares. Litigation may be time-consuming, expensive, and disruptive to normal business operations, and the outcome of litigation is difficult to predict. The defence of these lawsuits may result in significant expenditures and the continued diversion of management's time and attention from the operation of the business, which, in turn, could impede the business. In the event the Company was to receive an unfavourable outcome in any lawsuit, its business, financial condition, results of operations, cash flows and the trading price of the Company's Common Shares may be materially and adversely affected.

Tax Risks

The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in numerous tax jurisdictions, including international jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities.

The determination of the Company's worldwide provision for income taxes and other tax liabilities will require significant judgment. The Company believes that it will adequately provide for income taxes based on all of the information that is currently available.

The Global Economy

The Company's business is in the United States, Europe, India and the Asia-Pacific region and the Company is exposed to the downturns and current uncertainties that impact its business in those economies. Economic uncertainty may cause an increased level of commercial and consumer delinquencies, lack of consumer confidence resulting in delayed purchases or reduced volumes by the Company's customers, credit tightening by lenders, increased market volatility and widespread reduction of business activity generally. To the extent that the Company may experience further economic uncertainty, or deterioration in one of the large markets in the United States, Europe or the Asia-Pacific region, the resulting economic pressure on the customers may cause them to end their relationship with the Company, reduce or postpone current or expected orders, or suffer from business failure, resulting in a material adverse impact to revenues, profitability, cash flow and bad debt expense.

Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors may impact the Company negatively.

Price and Volatility of Public Stock

The trading price of the Company's Common Shares will be subject to change and could in the future fluctuate significantly, which might not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. The fluctuations could be in response to numerous factors beyond the Company's control, including: quarterly variations in results of operations; changes in securities analysts' recommendations; announcements of acquisitions; changes in earnings estimates made by independent analysts; general fluctuations in the stock market; or revenue and results of operations below the expectations of public market securities analysts or investors. Any of these could result in a sharp decline in the market price of the Company's Common Shares. It may be anticipated that any market for the Company's Common Shares will be subject to market trends generally and the value of the Company's Common Shares on the TSX-V may be affected by such volatility. In addition, stock markets have occasionally experienced extreme price and volume fluctuations. In the past, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Company's Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of the Company. These broad market fluctuations may cause a decline in the market price of the Company's Common Shares.

With the advent of the Internet, new avenues have been created for the dissemination of information. The Company has no control over the information that is distributed and discussed on electronic bulletin boards and investment chat rooms. The intention of the people or organizations that distribute such information may not be in the Company's best interest and the best interests of its shareholders. This, in addition to other forms of investment information including newsletters and research publications, could result in a sharp decline in the market price of the Company's Common Shares.

Various other risk factors are also described in comments made in this MD&A and in MD&A for the years ended December 31, 2015 and 2014, and the Audited Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014.

Further Information

Additional information on the Corporation may be obtained on SEDAR at www.sedar.com.