LX VENTURES INC.

(formerly Intensity Company Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIODS ENDED

OCTOBER 31, 2013 AND 2012

TO OUR SHAREHOLDERS

December 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of LX Ventures Inc.'s ("LXV" or the "Corporation") (formerly "Intensity Company Inc.") operating and financial results for the interim three month period ended October 31, 2013, compared to the preceding year, as well as information and expectations concerning the Corporation's outlook based on currently available information. This report is dated **December 30, 2013.**

This MD&A should be read in conjunction with the audited consolidated financial statements of LX Ventures Inc. for the years ended July 31, 2013 and 2012. Additional information is available at www.sedar.com.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Corporation's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management no less than quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information including the Corporation's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward looking information, including but not limited to statements pertaining to Corporation's future plans and management's belief as to the Corporation's potential involve known and unknown risks, uncertainties and other factors which may cause the actual results of the Corporation and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: the risks associated with the commercial viability of any technologies the Corporation is in the process of developing or deploying, delays or changes in plans with respect to any technologies, costs and expenses, health, safety and environmental risks, the risk of foreign exchange rate fluctuations, risks and uncertainties associated with securing the necessary regulatory approvals and financing to proceed with any planned business venture, product development or deployment, and risks and uncertainties regarding the potential to economically scale and bring to profitability any of the Corporation's current or planned endeavors. Although the Corporation has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause the results of the Corporation's business to not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risk Management section of this MD&A for a further description of these risks. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.

1. SUMMARY OF OPERATIONS, EVENTS AND FUTURE PLANS

The Corporation was originally incorporated under the *Business Corporations Act* (Alberta) on November 19, 1998 and has been in the business of selling computer hardware and software products. At the Annual General and Special Meeting of shareholders held on Friday, November 23, 2012 the shareholders of the Corporation voted to change the name of the Corporation to LX Ventures Inc. and continue the Corporation into British Columbia under the *Business Corporations Act* (British Columbia).

After incurring losses in the computer hardware and software business, management devoted considerable energy to searching for a potentially profitable business opportunity, preferably in the software technology sector. A business plan was developed that involved internally innovating several software-based businesses by providing strategic capital, management expertise and the Corporation's networking capabilities to advance technology startups with significant profit potential. The keys to this business plan were twofold: acquiring the management expertise capable of designing and implementing the strategy, and raising sufficient capital to ensure success. The Corporation has further developed that strategy to include developing and/or acquiring technology platforms that can be leveraged through multiple lines of business the Corporation is engaged in.

Management and Board Changes and Advisory Appointments

Management changes announced on November 15, 2012 resulted in a new slate of executives and directors that immediately began working on transitioning the Corporation from a hardware and software distributor into a vertically integrated high-growth technology company that is focused on incubating, accelerating and acquiring high-impact technologies.

On May 28, 2013, concurrently with the acquisition of the assets of Mobio Technologies Inc. ("Mobio") (further described below), LXV added additional personnel that brought to the Corporation significant expertise in the areas of technology and marketing and management.

On September 11, 2013, the Corporation appointed Jeff Durno to the Board of Directors as Chairman. Mr. Durno is the managing partner of ASKD Law LLP, a Vancouver-based boutique law firm focused on corporate and securities transactions, and chairman of Emprise Capital Corp., a Vancouver-based merchant banking company.

On October 23, 2013, Bernd Petak was appointed President of the Corporation. Mr. Petak is responsible for designing, refining and operating the processes that onboard new LXV companies.

December 5, 2013, David Baxby joined LXV's Board of Directors, after serving on the Corporation's advisory board for much of the year. Mr. Baxby had a successful 10-year career with Goldman Sachs as a Partner and Executive Director, and then joined Richard Branson's holding company in 2004 to establish the Sydney office as the CEO of the Asia Pacific region. Since then he has served as a Director of Virgin

Mobile, Virgin Active, Virgin Money and Virgin Australia with responsibility for the Group's investments in these businesses. Mr. Baxby moved to Shanghai in 2006 to establish a number of startup businesses in the Asia Pacific region and in 2008 moved to Geneva to assume responsibilities for the Virgin Group's investments in tourism and aviation. In 2008, he joined the Board of Virgin Atlantic, Virgin America and Air Asia X and became Chairman of Virgin Unite in Australia, the Virgin Group's charitable foundation. In 2011, he was named the Co-CEO of Virgin Group with responsibility for all of Virgin Group's global investments. In July 2012, he moved to Singapore to focus on opportunities in the Asia Pacific region. He left Virgin in July 2013 to focus on his own investments and select board roles.

On December 9, 2013, LXV announced that Ryan Holmes, CEO of Vancouver based HootSuite, had jointed the Corporation's advisory board. Mr. Holmes has grown HootSuite from a lean startup to a global leader in social media with 8 million users, including 79 of the Fortune 100 companies. HootSuite recently raised $165 million US in a Series B funding, representing the largest deal ever in Canadian venture capital history for a software company. Part of HootSuite's continued growth strategy is an interest in acquiring companies compatible with its vision of specialized apps for social management. He is an authority on the social business revolution, quoted in *The New York Times* and *Wall Street Journal* and called upon to speak at TEDx and SXSW Interactive Conferences.

Ryan Holmes added to a strong advisory board established in February of 2013, which includes Lance Tracey, co-founder of PEER1 Hosting, which was acquired in January 2013 by Cogeco Cable for $526 million, Reza Kazemipour, who is current the CEO of an enterprise cloud search service and serves as a board advisor to many Silicon Valley and Canadian Start-up's, and Alison Lawton, whose wide-reaching business and social leadership includes an advisory council for Sir Richard Branson's foundation, Virgin Unite Canada, and the BC Partners for Social Impact, and the former Co-Chair of an action network of the Clinton Global Initiative.

Development of LXV's Business

LXV has started to make significant progress on its business plan to gain early entry into a diversified number of high growth technology markets.

LXV's general strategy is to identify verticals within the technology space where it believes it has specific expertise based on the interests, capabilities and experience of its senior management team. In each of those verticals, LXV aims to identify and acquire a foundational investment. To be considered a foundational investment, a candidate company should be at or near the revenue stage, and a good candidate to grow quickly by a combination of focused organic growth and acquisition of additional related assets. LXV maintains senior technical, marketing and other specialist resources that can quickly be deployed to its acquired companies to accelerate growth and identify as well as integrate future acquisitions.

In May 2013, LXV completed two significant acquisitions, giving the Company entry into the HealthTech and AdTech verticals.

Acquisitions

Mobio

On May 17, 2013, the Corporation successfully acquired all of the assets of Mobio Technologies Inc. The acquisition gave the Corporation its initial footprint in the AdTech sector. Mobio is breaking new ground in engagement advertising. The *Mobio INsider* platform uniquely captures the engagement that fans have with stars they love while boosting the awareness of brand partners.

Beginning in October, 2013, Mobio began to attract the attention of well-known celebrities in advance of *Mobio INsider*'s launch on December 1, 2013, and many household names in Hollywood signed up prior to the official product launch. TV stars such as Scott Disick (*Keeping up with the Kardashians*), who has 3.6 million followers on twitter, Paul Wesely of *The Vampire Diaries*, *Sports Illustrated* swimsuit model Jessica Gomes, Disney teen star Bella Thorne, and well-known American-Canadian actress Pamela Anderson all announced their intention to utilize *Mobio INsider* prior to going live.

Mobio INsider went live on December 1, 2013, and with the immediate success of the platform, a host of household names have joined the list of influencers using this fan engagement tool. New adopters include TV superstar Kim Kardashian, who has nearly 19 million followers on Twitter and almost 15 million likes on Facebook; and Grammy Award winning, multi-platinum selling recording artist and label owner, Lil Wayne, a global social media leader with more than 14 million Twitter followers and has one of the most popular Facebook pages on the planet with nearly 49 million likes. Other rising TV, film, music, and modeling stars have also come on board.

In less than one month of being live, *Mobio INsider* has already generated hundreds of thousands of interactions for celebrity users. Over the coming months, LXV will be focusing on the continued acquisition of high-profile celebrity influencers, and developing the user experience to firmly establish *Mobio INsider* as a leading social media engagement platform.

Sosido
On May 30, 2013, LXV completed the acquisition of Sosido Networks Inc. ("Sosido"). Sosido is an online knowledge exchange community for experts in any specialized field where rapid, private, trusted professional communication is desirable. Sosido has selected the Healthcare segment including Doctors, Pharmacists, Nurses and other health professionals as its beachhead market. It uses innovative technology to connect and filter knowledge through trusted colleagues, creating a unique communication platform that revolutionizes the way professionals share information and collaborate with each other.

Sosido's user base is expanding rapidly and four key Canadian medical associations have been signed with all of their collective members obtaining user access to the Sosido product. Currently signed associations encompass the heart of the Canadian oncology community and include the Canadian Blood and Marrow Transplant Group, the Canadian Association of Pharmacy in Oncology, the Canadian Association of Nurses in Oncology and the Canadian Association of General Practitioners in Oncology. Sosido utilizes these medical association relationships to accelerate its user growth, and ensure that high-engagement communities of users form naturally and authentically. In a recent survey of its users, 91% of respondents said they would recommend Sosido to a colleague in another association.

Pending Acquisitions
LXV is continuing to expand its portfolio of leading software technology companies, and has announced that it has entered into letters of intent to acquire two additional companies.

Copper.io
On November 28, 2013, LXV announced that it had entered into a Letter of Intent to acquire Copper.io Inc. ("Copper"), a Nevada Corporation, which is in the business of acquiring, developing and marketing cloud-based hosting, monitoring and management solutions for state-of-the art cloud-deployed

applications. Since commencing operations, Copper has established a suite of product assets in the cloud-based application management market segment, including PointDNS, Stackful, Stackdoc, StatsMix, StillAlive, StatusHub, Twist, CloudVertical and PandaStream.

Under the terms of the Letter of Intent, on closing, LXV will issue 2,083,333 common shares and pay $500,000 cash to the vendors. Up to an additional 3,472,222 common shares and $1,500,000 in cash will be payable by LXV as certain milestones for monthly recurring revenue targets are met. At Copper's option, they may elect to receive $500,000 in cash rather than the final share installment. The securities will be subject to a four-month hold period once issued. The transaction remains subject to completion of final documentation, regulatory approval and final due diligence.

Strutta.com Media
On December 12, 2013, LXV announced that it had entered into a Letter of Intent to acquire Strutta.com Media Inc. ("Strutta"), a BC Corporation, which is a social media platform that enables brands to create, launch and manage online campaigns to drive leads, awareness and sales. Strutta's team and technology platform can convert social media traffic at dramatically higher rates than traditional online advertising. The combination of Strutta's monetization engine with *Mobio INsider*'s social traffic positions LXV to have one of the most valuable ad inventories on the Internet.

Under the terms of the Letter of Intent, on closing, LXV will issue 4,687,500 common shares and pay approximately $525,000 in cash to the security holders of Strutta. Up to an additional 9,375,000 common shares are issuable by LXV as certain milestones for monthly recurring revenue targets are met. The securities will be subject to a four-month hold period and will be subject to certain additional pooling restrictions. The transaction remains subject to completion of final documentation, regulatory approval and final due diligence.

Capital Raising Activities
On October 1, 2013, the Corporation closed the first tranche of a placement for gross proceeds of $1,157,500. The Corporation issued 7,716,668 units to subscribers of the private placement at a price of $0.15 per unit, each unit consisting of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Corporation at a price of $0.22 per share for a period of 12 months, subject to certain acceleration provisions in the event the Corporation's shares trade at $0.30 or more for 10 consecutive trading days. In connection with the first tranche, the Corporation paid finders' fees of $47,404, and issued 252,560 finders' warrants to finders who introduced subscribers to the Corporation. The finders' warrants have the same terms as the warrants forming part of the units. All securities issued in connection with the first tranche are subject to a four-month-and-a-day hold period expiring on February 1, 2014.

On October 5, 2013, the Corporation closed the second tranche of its placement for gross proceeds of $474,750. The Corporation issued 3,165,000 units in the second tranche to subscribers at a price of $0.15 per unit, each unit consisting of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Corporation at a price of $0.22 per share for a period of 12 months, subject to certain acceleration provisions in the event the Corporation's shares trade at $0.30 or more for 10 consecutive trading days. In connection with the second tranche of the private placement, the Corporation paid finder's fees of $22,733, and has issued 151,550 finders' warrants to finder's who introduced subscribers to the Corporation. The finders' warrants have the same terms as the warrants forming part of the units. All securities issued in connection with the second tranche are subject to a four-month-and-a-day hold period expiring on February 5, 2014.

On November 27, 2013, the Corporation closed a non-brokered private placement financing for gross proceeds of $3,045,000. The private placement consisted of the sale of 8,700,000 units at a price of $0.35 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Corporation at a price of $0.50 for a period of 12 months from the closing of the offering, subject to certain acceleration provisions in the event that the shares of the Corporation trade at $0.65 or higher for 10 consecutive trading days. In connection with the private placement, LXV paid finder's fees of $152,930 and issued 399,990 finder's warrants to finder's who introduced subscribers to the Corporation. The finder's warrants have the same terms as the warrants forming part of the units. All securities issued in connection with the offering are subject to a hold period expiring on March 28, 2014.

Subsequent to the three month period ended October 31, 2013, the Corporation has received proceeds of $1,646,250 from the exercise of 5,487,500 share purchase warrants.

Strategic Investments
During the prior year, LXV made a series of strategic investments in companies that are introducing new innovations to the software services sector. These companies are focused on high-growth markets such as online gaming and the e-Sports sector, social performance management tools, mobile gaming, mobile computing application development, cloud-based accounting and payroll solutions, and digital advertising management.

As LXV's strategic direction has evolved towards foundational acquisitions and away from strategic investments, these assets remain good opportunities for investment return, but are presently neither core nor essential to LXV's fundamental strategy.

2. EARNINGS AND EXPENSES

Following is a discussion of the Corporation's consolidated interim financial results for the three months ended October 31, 2013 and 2012. The consolidated interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All inter-company balances and transactions have been eliminated upon consolidation.

Revenue
The Corporation reported revenues of $28,520 for the three month period ended October 31, 2013, compared to sales revenues of $Nil for the same period in the prior year. Revenues during the current year were generated from two of the Corporation's subsidiaries, Fodio and Sosido. There were no sales revenues for the prior year as the Corporation was undertaking a shift in business focus during that time, and had discontinued the prior operations pertaining to computer hardware and software sales.

Loss and Loss Per Share
The Corporation's net and comprehensive loss for the three-month period ended October 31, 2013 was $898,992 compared to a net and comprehensive loss $91,745 for the same period in the prior year. The increase in the Corporation's net and comprehensive losses during the current fiscal period is attributable

to the Corporation's aggressive business development strategy, which has seen the operating activities significantly expanded, and to the granting of stock options during the period. Share-based payments accounted for $87,362 of total expenses incurred during the current period.

Loss Per Share for the three-month period ended October 31, 2013 was a loss of $0.02, compared to a loss per share of $0.01 for the same period in the prior year. While the loss per share reported for the current fiscal period is significantly higher than for the same period in the prior year, the loss per share is only marginally changed due to a significantly larger number of common shares outstanding during the current period as compared to the prior year. The increase in the weighted average common shares outstanding for the current period partially offset the increase in net and comprehensive loss. The weighted average number of shares outstanding for the three-month period ended October 31, 2013 was 41,489,186, compared to 10,077,202 for the same period in the prior year.

Cost of Sales
Cost of sales for the three-month period ended October 31, 2013, was $13,063, compared to $Nil for the same period in the prior year. Cost of sales in the current period pertained primarily to wages and salaries incurred in connection with providing services for clients.

Operating, General and Administrative Expenses
Operating, general and administrative expenses for the three-month period ended October 31, 2013, were $868,653, compared to $91,745 for the same period in the prior year. The increase in operating, general and administrative expenses for the current period is due to the reasons described above under "Loss and Loss Per Share".

During the three-month period ended October 31, 2013, the Corporation granted 1,400,000 stock options to directors, officers, employees and consultants of the Corporation and recorded stock-based compensation of $87,362. The options granted had a total fair value of $130,352. These options vest in eight equal tranches, quarterly over two years from the date of grant. The fair value of the options granted is being amortized to stock-based compensation over the vesting period.

During the three months ended October 31, 2012, the Corporation granted 2,425,000 stock options to directors, officers, and consultants of the Corporation. These options vested immediately, and the full value of the stock options was recognized as stock-based compensation during the period ($240,840).

3. ASSETS

Current Assets
Current assets held by the Corporation as of October 31, 2013 consisted of cash in the amount of $1,152,636 (July 31, 2012 - $449,898), restricted cash in the amount of $55,000 (July 31, 2012 - $55,000), total receivables in the amount of $107,516 (July 31, 2012 - $86,377), and deposits and prepaid expenses in the amount of $74,298 (July 31, 2012 - $39,535). Restricted cash represents short-term deposits pledged by the Corporation as security against credit cards issued to the Corporation. Accounts receivable are primarily represented by excise taxes recoverable (October 31, 2013 - $86,171; July 31, 2013 - $71,946). Deposits and prepaid expenses consist of amounts paid on deposit with respect to the Corporation's leased office premises and certain of the Corporation's vendors.

Capital Assets

The Corporation's capital assets consist of computers and related equipment, and office furniture and fixtures. During the three-month periods ended October 31, 2013 and 2012, the Corporation did not acquire any capital assts.

Intangibles and Goodwill

The Corporation's intangible assets are all software-related intangibles. During the three-month period ended October 31, 2013, the Corporation did not acquire any software-related in tangibles. All such assets were acquired through several acquisitions in the prior fiscal year.

During the three-month period ended October 31, 2013, the Corporation recorded an amortization expense of $51,103 on software-related technology assets pertaining to Sosido, and also expensed $10,031 of development costs related to Sosido (2012 - $Nil).

As of October 31, 2013, certain intangible assets were actively being developed and were not available for commercial use, and as a result were not yet subject to amortization. Amortization of these assets will commence once the technologies are substantially complete and the assets are put into commercial use.

Cost		**Software-related technology**		**Goodwill**		**Total**
Balance, July 31, 2013	$	1,729,197	$	10,704		1,739,901
Acquired through business combinations		-		-		-
Acquired through asset purchases		-		-		-
Balance, October 31, 2013	$	1,729,197	$	10,704	$	1,739,901
Amortization						
Balance, July 31, 2013	$	-	$	-	$	-
Amortization for the period		51,103		-		51,103
Impairment charges		10,031		-		10,031
Balance, July 31, 2013	$	61,134	$	-	$	61,134
Carrying amounts, July 31, 2013	**$**	**1,729,197**	**$**	**10,704**	**$**	**1,739,901**
Carrying amounts, October 31, 2013	**$**	**1,668,063**	**$**	**10,704**	**$**	**1,678,767**

Intangible assets with finite lives consist of acquired and internally developed technologies and software. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses. Amortization commences once the underlying asset is complete and put into use. Cost for intangible assets acquired in a business combination represents the fair value of the asset at the time of the acquisition. Intangible assets with finite lives are currently amortized over the following periods:

<u>*Estimated useful life*</u>	
Software	3 years

Investments

During fiscal 2013, the Corporation made several investments into technology startups. As of October 31, 2013, the Corporation's investments consisted of the following:

	Cost Value				
Investee Company	**Common Shares**	**Convertible Notes**	**Promissory Notes**	**Interest Accrued**	**Fair Value**
7777882 Canada, Inc.	$ -	$ 25,000	$ -	$ 1,562	$ 26,562
Paltech Solutions Inc	20,000	-	-	-	20,000
Wyley Interactive Inc.	200,000	-	150,000	4,500	350,000
PayrollHero.com Ptd. Ltd.	-	25,000	-	1,171	26,171
Disruption Corporation	-	50,985	-	1,438	52,423
Skift, Inc.	-	25,447	-	754	26,201
Plus8 Global Ventures Ltd.	100,000	-	-	-	48,000
	$ 320,000	**$ 126,432**	**$ 150,000**	**$ 9,425**	**$ 549,357**

Equity investments consist of both common shares and preferred shares of investee entities. The Corporation does not presently have any equity positions that result in significant influence. Equity investments are carried at fair value, with changes being recorded through profit or loss.

Convertible notes are unsecured and bear interest annually at rates between 5% and 8%, and mature in two years or less. The notes are convertible upon certain future events transpiring, and such events are uncertain as to both their occurrence and their magnitude. The convertible notes are carried at fair value through profit or loss.

Promissory notes are unsecured and bear interest at a rate of 12% per annum (simple interest), with maturity dates triggered by financing events. Interest is payable in full upon maturity. Promissory notes are carried at amortized cost using the effective interest method.

During the three month period ended October 31, 2013, the Corporation recorded $1,628 of interest income on convertible notes (2012 - $Nil). Accrued interest is recorded as an increase to the carrying value of each convertible note. During the three month period ended October 31, 2013, the Corporation recorded $4,500 of interest income on promissory notes (2012 - $Nil). Interest income recorded on promissory notes is recognized as "interest receivable" and included as part of "accounts receivable" on the Corporation's Consolidated Statement of Financial Position.

4. LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2013, the Corporation had working capital of $1,113,364, compared to working capital of $259,677 at July 31, 2013. Management has been actively engaged in securing the resources necessary fulfill all of LXV's planned activities. Since July 31, 2013, the Corporation has completed two equity financings for gross proceeds of nearly $4.7 million. Additionally since July 31, 2013, the Corporation has received $1,646,250 from the exercise of share purchase warrants. As of the date hereof, management believes that LXV has sufficient resources to pursue its business initiatives. The Corporation's continued activities over the long term are dependent upon the Corporation's ability to raise additional capital in the future, achieve profitability, monetize one or more of its proprietary technologies, or reduce discretionary expenditures.

5. SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Corporation's financial operations for the three most recently completed fiscal years. For more detailed information pertaining to the Corporation, please see LXV's annual audited consolidated financial statements for 2013 and 2012, which are available at www.sedar.com.

SELECTED ANNUAL INFORMATION						
Year ended July 31,		**2013**		**2012**		**2011**
Revenue	$	31,026	$	45,018	$	175,547
Cost of sales	$	22,504	$	29,127	$	113,963
Expenses	$	1,639,184	$	217,834	$	178,216
Other income (expenses)	$	17,943	$	39,716	$	-
Net earnings (loss)	$	(1,731,015)	$	(162,227)	$	(116,632)
Earnings (loss) per share, basic and fully diluted	$	(0.06)	$	(0.03)	$	(0.02)
Cash	$	449,898	$	1,546	$	15,873
Working capital (deficiency)	$	259,677	$	(392,048)	$	(238,854)
Total assets	$	2,986,542	$	4,547	$	37,964
Total long-term liabilities	$	-	$	-	$	-
Shareholders' equity	$	2,615,409	$	(392,048)	$	(237,279)
Cash dividends	$	-	$	-	$	-

The Corporation's working capital position has improved significantly over the past two fiscal years as the Corporation raised approximately $3 million through the issuance of common shares during fiscal 2013, has raised an additional $4.7 million through equity financings during the current fiscal year, and has also received an additional $1,646,250 in proceeds from the exercise of share purchase warrants.

The Corporation presently does not pay and does not anticipate paying any dividends on its common shares, as all available funds will be used to develop the Corporation's business for the foreseeable future.

6. SELECTED QUARTERLY INFORMATION

The following table provides a brief summary of the Corporation's financial results for each of the eight most recent quarters. For additional information pertaining to the Corporation's quarterly results, please refer to the annual audited consolidated financial statements for 2013 and 2012, and to the interim financial statemetns and MD&A for each period presented, which are available at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Oct. 31 2013	July 31, 2013	Apr. 30 2013	Jan. 31 2013	Oct. 31 2012	Jul. 31 2012	Apr. 30 2012	Jan. 31 2012
Revenue	$ 28,520	$ 31,026	$ -	$ -	$ -	$ 4,313	$ -	$ 21,096
Cost of sales	13,063	22,504	-	-	-	1,473	-	19,690
Expenses	868,653	1,006,737	244,743	404,941	91,745	40,522	36,877	82,670
Forgiveness of debt	-	-	-	-	-	-	4,347	35,369
Net earnings (loss)	(898,992)	(1,001,336)	(244,508)	(404,941)	(91,745)	(37,682)	(32,530)	(45,895)
Earnings (loss) per share, basic and fully diluted	(0.02)	(0.03)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Cash	1,152,636	449,898	1,300,261	1,043,097	1,791,941	1,546	1,710	4,680
Working capital (deficiency)	1,113,364	259,677	1,369,313	1,049,704	1,683,804	(392,048)	(355,635)	(330,665)
Total assets	3,632,017	2,986,542	2,528,819	1,974,870	1,829,055	4,547	33,530	44,211
Total long-term liabilities	-	-	-	-	-	-	-	-
Shareholders' equity	3,355,931	2,615,409	2,495,486	1,936,704	1,708,804	(392,048)	(354,366)	(329,294)
Cash dividends	-	-	-	-	-	-	-	-

7. RELATED PARTY TRANSACTIONS

During the three-month period ended October 31, 2013, the Corporation entered into the following transactions with related parties:

- Paid or accrued management fees of $30,000 (2012 - $16,700) to a company controlled by the Chief Executive Officer of the Corporation. During the corresponding period for the prior year, the Corporation also granted 700,000 incentive stock options to the Chief Executive Officer. The options have a life of five years, exercise price of $0.16, and vested immediately upon grant. The fair value of each option was measured at $0.10 using the Black-Scholes option pricing model;
- Paid or accrued management fees of $30,000 (2012 - $17,500) to a company controlled by the Chief Operating Officer of the Corporation. During the corresponding period for the prior year, the Corporation also granted 600,000 incentive stock options to the Chief Operating Officer. The options have a life of five years, exercise price of $0.16, and vested immediately upon grant. The fair value of each option was measured at $0.10 using the Black-Scholes option pricing model;
- Paid or accrued management fees of $15,000 (2012 - $Nil) to a company controlled by the Chief Financial Officer of the Corporation. The Corporation also granted 90,000 incentive stock options to the Chief Financial Officer during the period. The options have a life of five years, exercise price of $0.15, and vest in equal quarterly instalments over two years from the date of grant. The fair value of each option was $0.09 using the Black-Scholes option pricing model. During the corresponding period for the prior year, the Corporation granted 150,000 incentive stock options to the Chief Financial Officer. The options have a life of five years, exercise price of $0.16, and vested immediately upon grant. The fair value of each option was measured at $0.10 using the Black-Scholes option pricing model;
- Paid or accrued management fees of $22,500 (2012 - $Nil) to a company controlled by the former Executive Chairman and current director of the Corporation. During the corresponding period for the prior year, the Corporation also granted 500,000 incentive stock options to the director. The options have a life of five years, exercise price of $0.16, and vested immediately upon grant.

The fair value of each option was measured at $0.10 using the Black-Scholes option pricing model;

- During the corresponding period for the prior year, the Corporation paid or accrued management fees of $15,500 to individuals who were formerly directors or officers of the Corporation, and a privately owned company controlled by a former director of the Corporation;
- Paid or accrued rent for office premises of $25,500 (2012 - $1,250) to companies affiliated with or owned or controlled by a current officer of the Corporation.

All related party transactions were in the normal course of business and have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. The exchange amounts approximate fair values.

8. FUTURE ACCOUNTING CHANGES

The IASB has made the pronouncements described below related to accounting changes, which have not yet been adopted by the Corporation. As of the date hereof, the following standards, amendments and interpretations have not been early adopted and are not expected to have a material effect on the Corporation's future results and financial position:

Financial Instruments

The IASB intends to replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") with IFRS 9, "Financial Instruments" ("IFRS 9"). IFRS 9 will be published in three phases, of which the first phase has been published. For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The new standard requires entities to classify financial assets as being measured either at amortized cost or fair value depending on the business model and contractual cash flow characteristics of the assets. For financial liabilities, IFRS 9 requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to change in the entity's own credit risk in the other comprehensive income rather than in the statement of profit or loss. IFRS 9 is currently effective for annual periods beginning on or after January 1, 2013. However, the IASB has published an exposure draft which proposes to extend the mandatory effective date to January 1, 2015. The Corporation is currently assessing the impact of this standard.

Investments in Associates and Joint Ventures

IAS 28, "Investments in Associates and Joint Ventures", has been amended for conforming changes based on the issuance of IFRS 10, Consolidated Financial Statements, and IFRS 11, Joint Arrangements. The Corporation does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Separate Financial Statements

IAS 27, "Separate Financial Statements", has been amended for the issuance of IFRS 10, Consolidated Financial Statements, but retains the current guidance for separate financial statements. The Corporation does not anticipate this amendment to have a significant impact on its consolidated financial statements.

9. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, accounts receivable, investments in convertible notes, investments in promissory notes, investments in equity securities, trade and other payables, loans payable and borrowings from related parties. As at October 31, 2013, there are no significant differences between the carrying amounts of these items and their estimated fair values. The carrying value of these items approximates their fair value.

The Corporation's financial instruments are exposed to certain financial risks. The Corporation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and funding risk, interest rate risk, and currency risk (see *Section 10 – Risk Management*).

At initial recognition, the Corporation classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities measured at fair value. Financial assets held to maturity, loans and receivables and financial liabilities, other than those measured at fair value, are measured at amortized cost. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of operations. Instruments classified as available for sale are measured at fair value with unrealized gains and losses included in other comprehensive income.

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Loans and Receivables
Investments (other than promissory notes)	Fair Value through profit or loss
Investments (promissory notes)	Loans and Receivables
Accounts receivable and notes	Loans and receivables
Accounts payable and advances	Other financial liabilities

The carrying amount for cash, accounts receivable, securities and notes on the balance sheet approximate their fair value due to the current nature of these instruments. Accounts payable and advances are measured at amortized cost. Management has determined that the carrying value approximates fair value.

10. RISK MANAGEMENT

Early stage technology companies face many risks. While management is unable to eliminate risks, the Corporation is intent on identifying and mitigating such risks as much as is reasonably possible.

Many early stage technology companies are unsuccessful in achieving development and of their product or commercialization thereof due to external factors that cannot be predicted, anticipated, or controlled by management, and even one such factor may result in the economic viability of a particular project being detrimentally impacted to the point where it is not feasible nor economical to proceed. The Corporation frequently evaluates and monitors its activities and the risk factors which could impact those activities, and makes timely decisions in regard to risk management. Management occasionally seeks the assistance of experienced professionals when appropriate to address risks.

Risks faced by the Corporation include:

- Credit risk
- Liquidity risk and funding risk
- Interest rate risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit Risk
Credit risk is the risk of potential loss to the Corporation if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Corporation is associated with cash and accounts receivable, investments in convertible notes, and investments in promissory notes. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution. Accounts receivable is minimal. Credit risk arising from convertible notes can be managed through the conversion features embedded in those notes. The Corporation does face credit risk exposure from promissory notes. There were no provisions recorded for bad debts during the three months ended October 31, 2013. The Corporation believes that no provision for bad debts is presently warranted.

Liquidity Risk and Funding Risk
The Corporation's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising funds to sustain operations. The Corporation controls liquidity risk by management of working capital and cash flows.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation manages its financial instruments with the objective of minimizing potential interest rate risk, which generally means avoiding interest-bearing obligations other than in unusual circumstances.

Market Risk
The Corporation's exposure to financial market risk is limited as there are a minimal number of financial instruments that fluctuate as a result of changes in prices quoted in open markets. Currently the Corporation only has one equity investment that has a price quoted in a recognized market, and is therefore exposed to financial market risk. As of October 31, 2013, the fair value of this investment was $48,000, and the cost basis for this investment is $100,000.

11. ACCOUNTING POLICIES & USE OF CRITICAL ESTIMATES

Critical accounting estimates and judgments
The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenues and expenses. Actual results could differ from these estimates. The financial statements include estimates, which by their nature are uncertain. The impacts of such estimates are pervasive throughout the 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 the revision affects both current and future periods.

The preparation of these consolidated financial statements required the use of judgement with respect to assessing whether certain acquisitions meet the definition of a "business" as defined in IFRS 3 – *Business Combinations*. Those acquisitions which meet the definition of a business are accounted for as a business combination using the purchase method, and require the purchase price to be allocated to the fair values of the net assets acquired, including any intangible assets that may have arisen as a result of the acquisition, with the remainder of the purchase price allocated to goodwill. Those acquisitions which did not meet the definition of a business are accounted for as a purchase of assets. The judgement applied to making this determination includes assessing whether the acquisition contains inputs, processes, and outputs as described in IFRS 3.

The key sources of estimation uncertainty in these consolidated financial statements are the fair values of the Corporation's investments. The determination of the fair values of investments involves the use of multiple sources of data as well as forward-looking information. Furthermore, multiple methods of determining the fair value of investments could be used and could potentially yield different results. The Corporation has developed a consistent approach to assessing the fair value of its investments as described below.

a) Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Aside from the significant areas described above, other areas requiring management estimates include impairment provisions, stock-based compensation and the estimation of the tax rates used to calculate deferred income tax assets and liabilities. Actual results could differ from those estimates.

b) Functional currency and presentation

The Corporation's functional currency is the Canadian dollar and transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at reporting period rate of exchange. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses denominated in a foreign currency are translated at the monthly average exchange rate (except for depreciation and amortization which is translated at historical exchange rates). Gains and losses resulting from the translation adjustments are included in income.

c) Income taxes

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that asset.

d) Stock-based compensation

For employees, the fair value is measured at grant date and recognized on a straight-line basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Compensation expense for stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance and the date the options are vested using the fair value method.

e) Loss per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The Corporation uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. The method requires computation as if the proceeds from the exercisable options and warrants would be used to purchase common shares at the average market price during the period. For the periods presented, diluted loss per share is equal to basic loss per share since the effects of stock options and warrants were anti-dilutive.

f) Financial instruments

At initial recognition, the Corporation classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities measured at fair value. Financial assets held to maturity, loans and receivables and financial liabilities, other than those measured at fair value, are measured at amortized cost. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of operations. Instruments classified as available for sale are measured at fair value with unrealized gains and losses included in other comprehensive income.

The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable, and promissory notes on the statement of financial position approximate their fair value due to the current nature of these instruments.

g) Investments

Investments consist of common shares, preferred shares, convertible notes and promissory notes. Investments are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Corporation's management estimates fair value of its investments (other than promissory notes) based on the criteria below and records such valuations in the financial statements. All adjustments to the fair value of investments are recorded directly in profit or loss. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by applying one or more of the following valuation techniques:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Corporation that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, political, operating, technological or economic events affecting the investee company that, in the Corporation's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Corporation will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Corporation's judgment and any value estimated from these techniques may not be realized.

The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Corporation.

Any fair value estimated by the application of these techniques may not be realized.

Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the statement of loss and comprehensive loss.

h) Comprehensive income

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net earnings. Comprehensive loss is equal to net loss for the three-month periods ended October 31, 2013 and 2012.

i) Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be accurately measured it is recorded at the carrying amount of the asset given up adjusted by the fair value of any monetary consideration received or given.

For a comprehensive list of all of the Corporation's significant accounting policies, critical accounting estimates and judgements, and future accounting pronouncements, see the annual audited financial statements for the years ended July 31, 2013 and 2012, *Note 2 – Basis of Presentation*, and *Note 3 – Summary of Significant Accounting Policies.*

12. OUTSTANDING SHARE DATA

As of October 31, 2013, common shares were as follows:

Common Shares Issued and Outstanding	Number		Amount
Balance, August 1, 2012	5,631,550	$	1,800,647
Shares issued pursuant to private placements	26,165,000		2,824,250
Share issuance costs	-		(38,424)
Shares issued on exercise of stock options	50,000		13,000
Shares issued for asset acquisitions	4,800,000		1,002,000
Shares issued for business acquisitions	1,382,400		421,632
Balance, July 31, 2013	38,028,950		6,023,105
Shares issued pursuant to private placements	10,881,668		1,443,551
Share issuance costs	-		(94,222)
Balance, October 31, 2013	48,910,618		7,372,434

As of October 31, 2013, the Corporation had the following common share purchase warrants issued and outstanding:

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2012	-	$	-
Warrants issued during the period	11,082,500	$	0.30
Balance, July 31, 2013	11,082,500	$	0.30
Warrants issued during the period	5,844,944	$	0.22
Balance, October 31, 2013	16,927,444	$	0.27

As of October 31, 2013, the Corporation had the following stock options issued and outstanding:

Outstanding (#)	Exercisable (#)		Exercise Price ($)	Expiry Date
2,150,000	2,150,000	$	0.16	Nov. 15, 2017
575,000	143,750	$	0.27	May 10, 2018
750,000	93,750	$	0.32	May 30, 2018
1,400,000	-	$	0.15	Oct. 4, 2018
4,875,000	2,387,500			

On November 27, 2013, the Corporation completed a private placement financing where it issued 8,700,000 common shares, 4,350,000 share purchase warrants, and 399,990 finders warrants for gross proceeds of $3,045,000. Subsequent to October 31, 2013, up to and including the date of this MD&A, the Corporation has issued 5,487,500 common shares pursuant to the exercise of share purchase warrants (see "*Capital Raising Activities*" under Section 1). On December 6, 2013, the Corporation issued 100,000 stock options with an exercise price of $0.63 and a life of five years to an advisor. On December 24, 2013, the

Corporation issued 930,000 stock options with an exercise price of $0.50 and a life of five years to various directors, officers, employees and consultants. All of these options vest in eight equal tranches, every three months over a period of two years from the date of grant.

As of the date of this MD&A, the fully diluted share capital of the corporation is 85,193,052, comprising 63,098,118 common shares, 16,189,934 share purchase warrants, and 5,905,000 stock options.

13. CORPORATE INFORMATION

Directors
Jeff Durno, Chairman and director
Mike Edwards, Chief Executive Officer and director
David Baxby, director
Keir Reynolds, director
Derek Lew, director

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Kevin Rathbun, Chief Financial Officer
Ray Walia, Chief Operating Officer

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Stock Exchange Listing
TSX Venture Exchange
Symbol: **LXV**