CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

CURRENCY EXCHANGE
INTERNATIONAL

Scope of Analysis

This Management Discussion and Analysis (“**MD&A**”) covers the results of operations, and financial condition of Currency Exchange International, Corp. (the “**Company,**” “**Currency Exchange,**” or **"CXI"**) for the three months ended December 31, 2012 and 2011, including the notes thereto. The condensed interim consolidated financial statements and related notes of CXI have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's annual audited consolidated financial statements for the year ended September 30, 2012, which have been consistently applied. The functional currency of Currency Exchange International Canada Corp. is the Canadian dollar and the functional currency of the parent is the U.S. dollar. The Company’s presentation currency is the U.S. dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. dollars.

In this document, “our”, “Company,” and "CXI" refer to Currency Exchange International, Corp. collectively with its subsidiaries, Currency Exchange International of Canada Corp and Currency Exchange International America Corp.

Additional Information

Additional information relating to the Company, including annual financial statements, is available on the Company’s SEDAR profile at www.sedar.com and on the Company’s website at www.ceifx.com.

Forward Looking Statements

Certain information provided by CXI in this MD&A and in other documents publicly filed throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words “may”, “would”, “could”, “will”, “likely”, “estimate”, “believe”, “expect”, “plan”, “forecast” and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, CXI. Some of the factors and risks and uncertainties that cause results to differ from current expectations discussed in this MD&A include, but are not limited to, dependence upon growth in the market for the Company’s products, delays in product launches, currency exposure, technology developments by Currency Exchange’s competitors and changes in the competitive environment in which Currency Exchange operates.

The foregoing is not an exhaustive list of the factors that may affect CXI's forward -looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CXI's forward-looking statements. CXI assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

Overview

CXI is a publicly traded company (TSX:CXI.S;CXI.WT.S) specializing in providing retail and wholesale currency exchange and related products to banks, travel companies, and to retail clients through its company owned locations and retail affiliates, throughout the United States and Canada, by utilizing the Company's proprietary online software system, CEIFX (www.ceifx.com). The Company has developed CEIFX, its proprietary customizable web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CEIFX is also an on-line compliance and risk management tool. The trade secrets associated with CEIFX are protected via copyright and maintenance of source code by the head office only. CEIFX is updated regularly and system development and enhancement is a core activity at the Company.

On November 23, 2012, CXI submitted its application to continue its wholly-owned subsidiary, Currency Exchange International of Canada Corp., as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (Canada) and the Minister of Finance (Canada), the new bank will be called "Exchange Bank of Canada" in English and "Banque de Change du Canada" in French and will have its head office in Toronto.

The objective of the Exchange Bank of Canada is to expand current and future business opportunities and become a leading banker's bank for foreign exchange products and services. Obtaining a Canadian bank charter affords the Company numerous advantages, including banking with Central Banks thereby obtaining a source of stable, cost-effective funds, collateral reductions with corresponding banks, and enhancing existing bank relationships.

The Company has the following sources of revenues which are segmented into commissions and fees:

- commission revenue comprising the spread between the cost of foreign currency and the proceeds received from the sale of such currencies. The amount of this spread is based on competitive conditions and the convenience and value added services offered, particularly through CEIFX.

- fee revenue comprising the following:

    - international exchange fees, including foreign currency (banknote) exchange, foreign traveller's cheques, foreign drafts, cheque collections and foreign wire transfers;

    - fees collected on payroll cheque cashing transactions.

The following are some of the characteristics of the Company's revenue streams:

- the retail business has higher margins but the wholesale business has greater scale and can be expanded more quickly. The retail businesses involve greater care in selection of locations and require comparatively more management time;

- the retail locations generally act as a net buyer of foreign currency whereas the wholesale business acts as a net seller. Excess currency collected via retail customers can be redeployed to wholesale customers which eliminates the need to source currency through wholesale sources at a greater cost;

- exotic currencies have higher profit margins than other currencies. For instance, the Company experienced higher than normal volumes of exotic currencies from January 2011 until March of 2012. More recently however, volumes of these currencies have declined;

Overview (continued)

- affiliated retail locations in high traffic locations can be lucrative as there are no occupancy costs or payroll. Essentially, foreign exchange currency is placed with retail locations on a consignment basis;
- the sale of telephone cards and attraction tickets through wholly owned and affiliate retail locations is complementary to currency exchange, but also generates high profit margins; and
- seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year there is some seasonality to the Company's operations with higher commissions generally in the three months ended June and September, and fewer commissions generally in the three months ended December and March. This coincides with peak tourism seasons in North America when there are generally more traveller's entering and leaving the United States and Canada.

The Company’s largest asset is cash. The cash position consists of local currency notes held in inventory at its retail and affiliate stores to facilitate the buying and selling of foreign currency, as well as highly liquid foreign currency held at the Company’s vault, retail outlets, affiliate stores, or cash inventory in transit between the Company and its locations, available to trade on a retail or wholesale basis. The Company also has traditional bank deposits which act as reserves to maintain operations and to facilitate currency transactions at various financial institutions.

Accounts receivable consist primarily of bulk wholesale transactions where the Company is awaiting payment. Receivables are highly liquid and typically have a settlement time of two business days with most buyers being banks or other financial institutions.

Accounts payable consist mainly of wholesale currency transactions where the Company receives currency from a wholesale supplier and then remits payment at a later date.

Currency Exchange International is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Initial Public Offering

On March 9, 2012, the Company completed its initial public offering ("**IPO,**" or "**Offering**") on the Toronto Stock Exchange ("**TSX**") by issuing 1,380,000 units at a price of Cdn$6.65 per unit for aggregate proceeds of Cdn$9,177,000. Each Unit is comprised of one common share in the capital stock of the Company (“**Common Share**”) and one Common Share Purchase Warrant (“**Warrant**”). Funds received were used to finance foreign currency for wholesale and retail growth opportunities as well as debt reduction.

Three months ended December 31, 2012 and December 31, 2011

	Three months ended December 31, 2012 (Unaudited) ($)	Three months ended December 31, 2011 (Unaudited) ($)
Revenue	2,808,053	2,715,986
Operating expenses	2,499,820	1,884,777
Net operating income	308,233	831,209
Net income and comprehensive income	80,338	536,269
Basic and diluted earnings per share	$ 0.02	$ 0.22
	December 31, 2012 (unaudited)	**September 30, 2012 (audited)**
Total assets	19,929,308	18,225,628
Total long term financial Liabilities	-	-
Total equity	16,734,553	16,226,974

During the three months ended December 31, 2012 the Company increased its revenues to $2,808,053 compared to $2,715,986 for the same quarter in the previous year. The company increased its operating expenses to $2,499,820 compared to $1,884,777 in the same quarter in the previous year. The Company decreased its net operating income to $308,233 compared to $831,029 in the same quarter in the previous year. The Company's net income and comprehensive income decreased to $80,338 ($0.02 basic and diluted earnings per share) from $536,269 ($0.22 basic and diluted earnings per share). As at December 31, 2012, the Company increased its asset size to $19,929,308 compared to $18,225,628 as at September 30, 2012. As at December 31, 2012, the Company's shareholder's equity increased to $16,734,553 from $16,226,974 as at September 30, 2012.

Results of operations

During the three months ended December 31, 2012 revenues increased to $2,808,053 compared to $2,715,986 the same quarter for the previous year. This was a result of the addition of 4 company owned retail stores in Maryland, California, Washington and Florida as well an additional 39 inventory on consignment locations located predominately in the north and southeast United States as well as expanding its wholesale customer base in the United States and Canada.

Results of operations (continued)

A breakdown of revenues by geographic location is presented below:

	Commissions from trading (unaudited)	**Fee income (unaudited)**	**Total revenues (unaudited)**
Three months ended December 31, 2011	$	$	**$**
United States	2,448,505	271,378	**2,719,883**
Canada	(4,312)	415	**(3,897)**
Total	**2,444,193**	**271,793**	**2,715,986**
Three months ended December 31, 2012			
United States	2,246,145	254,587	**2,500,732**
Canada	306,530	791	**307,321**
Total	**2,552,675**	**255,378**	**2,808,053**

The reduction in commission revenues to $2,246,145 during the three months ended December 31, 2012 from $2,448,505 in the same quarter in the previous year the United States relates primarily to the decrease in the number of foreign currency sales originating in the retail environment. During the three months ended December 31, 2011, the Company experienced a temporary increase in the trade of exotic currencies, particularly Iraqi Dinars, which were executed at higher margins and have subsequently declined in frequency and volume. Total fee reductions to $255,378 during the three months ended December 31, 2012 from $271,793 for the same quarter in the previous year are related primarily to the reduction in the number of exotic currency trades performed during the period.

Revenues increased in Canada to $307,322 during the three months ended December 31, 2012 from ($3,897) in the same quarter of the previous year and are related to the growth of the Canadian operation. Currency Exchange International of Canada Corp opened for trading in December 2011 and the loss of ($4,312) was related to currency acquisitions to commence trading operations.

During the three months ended December 31, 2012, operating expenses increased to $2,499,820 compared to $1,884,777 for the same quarter of the previous year, the components of which were salaries and benefits, rent, legal and professional, insurance, postage and shipping, stock based compensation, travel and lodging, license and fees, amortization, software maintenance, foreign exchange loss/(gain), automotive and mileage, currency signage, utilities, office supplies, and other expenses.

Results of operations (continued)

- Salaries and benefits increased to $1,146,203 from $900,558 which is attributed to staffing costs at the Company's 4 new wholly owned retail outlets, salaries paid to new employees in Canada as well as additional staff added in the compliance, operations, sales, vaults and accounting departments;

- Rent increased to $321,111 from $247,558 due to the opening of 4 new retail stores as well as securing leases for new facilities in Toronto, Canada;

- Legal and professional relating to regular operations increased to $211,914 from $128,186 and are a result in increases in remuneration to the Company's Board of Directors as well as additional legal and professional fees of becoming a reporting issuer;

- Insurance increased to $97,141 from $56,249 to acquire additional coverage for the Company's retail portfolio as well as increased currency inventory holdings at its vault location in addition to securing director and officer insurance;

- Postage and shipping increased to $257,248 from $133,589 which is correlated to growth in the Company's wholesale operation and is due primarily to an increase in larger value, lower margin, insured armored shipments;

- Stock based compensation increased to $45,847 from $Nil for the vested portion of 90,000 stock options granted on May 4, 2012 and the vested portion of 116,000 options granted on December 17, 2012. The options have an expiry date of 5 years from the date of the grant and can be exercised at a price of Cdn$7.50;

- Travel and lodging increased to $38,935 from $35,692 which is related to the Company's sales force maintaining and creating wholesale growth opportunities;

- License and fees increased to $65,609 from $54,518 and relate primarily to agreements to operate retail locations in certain facilities;

- Amortization increased to $68,610 from $57,964 which relate to completed software modules in CEIFX and fixed assets being amortized over their respective lives;

- Software maintenance decreased to $29,407 from $84,143 which are a result of non-capitalized expenditures to the Company's software, CEIFX, as well non-capitalized computer hardware and software purchases for the Company's new retail stores and Canadian operations;

- Foreign exchange loss increased to $50,989 from $41,811. The $50,989 foreign exchange loss is a result of the revaluation of foreign financial asset and liability balances. The loss of $41,811 during the three months ended December 31, 2011 relate primarily to a foreign exchange loss on the revaluation on a Cdn$2,000,000 shareholder loan. The $41,811 foreign exchange loss was offset by a gain on a forward contract of $55,074 to purchase Cdn$2,000,000 to mitigate the exchange rate risk of the loan;

- Automotive and mileage increased to $27,634 from $21,220 which was a result of increased tolls, gasoline, mileage, rental, and parking costs and is related to additional staff and geographic expansion;

Results of operations (continued)

- Utilities increased to $26,801 from $23,004 as a result of adding new wholly owned company retail locations and a new vault facility in Toronto;

- Currency signage decreased to $14,389 from $21,373. Signage includes LED black-lit displays, static and counter displays as well as electronic counterfeit detectors distributed to retail stores and wholesale clientele;

- Office supplies increased to $15,883 from $14,318 as a result of the addition of new company owned retail stores and non-capitalized expenditures related to the vault facility in Toronto; and

- Other expenses increased to $82,099 from $64,594 and are comprised of miscellaneous items including bank service charges, charitable donations, and dues and subscriptions.

The ratio of operating expenses to total revenue for the three months ended December 31, 2012 was 89% compared to 69% for the same quarter of the previous year. The company expects this ratio to remain steady in the short term as the Company continues to incur costs while building infrastructure to expand its wholesale and retail operations. In time, the Company can increase its operating efficiency by securing additional wholesale relationships in Canada and the United States to redeploy excess currency purchased on the wholesale and retail side of the business.

Other income and expenses are comprised of the following:

	Three months ended December 31, 2012 (unaudited) ($)	Three months ended December 31, 2011 (unaudited) ($)
Interest income	413	33
Gain on forward contract	-	55,074
Fair value change in warrant liability	2,871	-
Accretion expense	-	(42,873)
Interest expense	(5,648)	(25,253)
Expenses related to Exchange Bank of Canada	(133,389)	-
Gain on disposal of equipment	1,500	-
Income tax	(93,642)	(281,921)

- Interest income increased to $413 from $33 and relate to surplus cash balances held at several financial institutions and such income was minimal as most cash was deployed in the business and prevailing interest rates were relatively low;

- Gain on forward contract decreased to a gain of $Nil from a gain of $55,074. The gain of $55,074 relates to the revaluation of a forward contract to mitigate the exchange rate risk of Cdn$2,000,000 loan from a shareholder of the Company. The gain on forward contract was partially offset by a loss of $41,811 on the revaluation of the Cdn$2,000,000 loan;

- *Results of operations (continued)*

  Fair value change in warrant liability increased to a gain of $2,871 from $Nil and relate to a marked to market adjustment of the Company's issued and outstanding warrants, of which 1,380,000 were issued on March 9, 2012 and 59,634 on December 24, 2012 for a total amount of 1,439,634 issued and outstanding as of December 31, 2012;

- Accretion expense decreased to $Nil from $42,873 and relate to a Cdn$2,000,000 loan from a shareholder;

- Interest expense decreased to $5,648 from $25,253 as a result of the Company having reduced borrowing needs after the completion of the Company's offering;

- Expenses related to Exchange Bank of Canada increased to $133,389 from $Nil and relate to legal and administrative expenses to file and process the bank application;

- Disposal of equipment resulted in a gain of $1,500 (2011 – $Nil) and relate to the sale of fully amortized non-core equipment; and

- Income tax expense decreased to $93,642 from $281,921 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates. The decrease can be attributed to a decrease in net operating income.

Cash flows

Cash used in operating activities during the three months ended December 31, 2012 resulted in a loss of $605,883 compared with a gain of $291,648 during the same quarter ended in the previous year. The difference between the operating cash flow and net income for the three months ended December 31, 2012 relate primarily to a significant increase in accounts receivable. Accounts receivable consist of wholesale transactions with a typical settlement cycle of 24 to 48 hours. The actual amount of accounts receivable balances varies widely from period to period due to the volume of activity and timing differences. There is minimal counter-party risk as the bulk of the Company's receivables reside with institutional parties. Operating cash flow is normally generated by commission and fee income, offset by operating expenses.

Cash used in investing activities during the three months ended December 31, 2012 increased to $132,605 compared to $70,376 during the three months ended December 31, 2011. The company's primary investments consisted of leasehold improvements in new retail markets as well as significant investments in the Company's proprietary software, www.ceifx.com.

Cash provided from financing activities during the three months ended December 31, 2012 was $1,662,515 compared to net repayments of $36,995 for the same quarter in the prior year. During the three months ended December 31, 2012, Cdn$396,566 ($399,531) was generated from the exercise of 59,634 broker options at a price of Cdn$6.65 per option. CXI entered in to a temporary borrowing arrangement with a shareholder to receive $993,400 for a promise to repay $1,000,000, which was repaid on January 17, 2012, and borrowed an additional $269,584 from the line of credit held by Branch Banking and Trust Company which was repaid on January 4, 2013. In the three months ended December 31, 2011 CXI repaid long-term debt of $28,352 and made net repayments on a loan to a significant shareholder of $8,643.

Cash flows (continued)

Liquidity and capital resources

As at December 31, 2012, the Company had working capital of $16,098,297 (September 30, 2012 - $15,651,326). Working capital consists of cash of $17,488,480 (September 30, 2012 - $16,564,453), accounts receivable of $1,326,701 (September 30, 2012 - $603,602), restricted cash held in escrow of $159,929 (September 30, 2012 - $132,340) and other current assets of $281,313 (September 30, 2012 - $312,975). This was offset by current liabilities of $3,158,126 (September 30, 2012 $1,962,044) which includes accounts payable of $998,729 (September 30, 2012 - $682,572), accrued expenses of $344,953 (September 30, 2012 - $690,212), income taxes payable of $84,592 (September 30, 2012 - $146,438), deferred rent of $30,000 (September 30, 2012 - $23,995), warrant liability of $434,093 (September 30, 2012 - $418,827), and short-term note payable and line of credit of $1,265,759 (September 30, 2012 - $Nil).

The Company also maintains a Cdn$2,000,000 credit line with a shareholder of the Company and a $1,000,000 credit line with Branch Banking and Trust Company to assist its short-term cash flow needs.

Selected annual and quarterly information

The following tables set out selected consolidated financial information of Currency Exchange International for the periods indicated. Each investor should read the following information in conjunction with those financial statements and notes thereto. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the consolidated financial statements of the Company.

	Twelve months ended September 30, 2012	**Twelve months ended September 30, 2011**	**Nine months ended September 30, 2010 (1)**
Revenues	$ 12,314,473	$ 8,683,705	$ 3,407,289
Net operating income	$ 3,573,621	$ 2,796,779	$ 269,298
Net income and comprehensive income	$ 2,717,652	$ 1,489,686	$ 129,098
Basic and diluted earnings per share (2)	$ 0.83	$ 0.66	$ 0.07
Total assets	$ 18,225,628	$ 9,914,292	$ 5,007,511
Total liabilities	$ 1,998,654	$ 3,754,954	$ 1,664,119
Total non-current financial liabilities	$ -	$ 110,924	$ 721,284
Working capital	$ 15,651,326	$ 5,861,804	$ 3,777,905

Notes:

1. The Company changes its year-end to September 30, and reported on the nine months ended September 30, 2010 as a transition year.
2. Adjusted for a 2:1 share split effective June 28, 2011.

Selected annual and quarterly information (continued)

The following is a summary of unaudited financial data for the most recently completed eight quarters:

Summary financial information for the most recently completed eight quarters					
Three months ended	**Total revenues**	**Net income**	**Total assets**	**Basic and diluted earnings per share**	**Long-term financial liabilities**
-					
December 31, 2012	$2,808,053	$ 80,338	$19,933,133	$ 0.02	-
September 30, 2012	$3,369,548	$1,475,426	$18,225,628	$ 0.38	-
June 30, 2012	$3,152,246	$ 208,542	$17,275,581	$ 0.05	-
March 31, 2012	$3,076,693	$ 497,415	$16,829,379	$ 0.18	-
December 31, 2011	$2,715,986	$ 536,269	$10,391,386	$ 0.22	$ 82,572
September 30, 2011	$2,988,585	$ 483,399	$ 9,914,292	$ 0.20	$ 110,924
June 30, 2011	$2,521,236	$ 622,490	$ 8,301,486	$ 0.28	$ 137,831
March 31, 2011	$1,744,018	$ 263,303	$ 7,641,197	$ 0.12	$ 1,157,612

During the eight quarters listed above, the Company generated revenue from commissions from trading and fee income. The sizeable increase in net income and basic and diluted earnings per share during the three months ended September 30, 2012 is primarily related to the non-cash revaluation of the Company's warrant liability.

Commitments and contingencies

The Company is party to a management contract with the President and CEO of the Company. The contract provides maximum commitments of $200,000 in salary for the 2013 fiscal year in addition to a maximum bonus of up to 62.5% of the annual base salary and additional contingencies of a minimum $321,000 to be made upon the occurrence of certain events such as a change of control or termination for reasons other than cause. As the likelihood of a change on control is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

Commitments and contingencies (continued)

The Company has entered in to non-cancellable operating lease and license arrangements with terms in excess of one year for the use of certain facilities. The minimum rental payments associated with these leases are $1,922,723 and are payable as follows:

Year ended		**Remaining minimum payments required**
September 30, 2013	$	818,386
September 30, 2014	$	718,856
September 30, 2015	$	309,254
September 30, 2016	$	41,088
September 30, 2017	$	35,139
Total	**$**	**1,922,723**

Off-Balance Sheet Arrangements

There are currently no off balance sheet arrangements which could have an effect on current or future results or operations, or the financial condition of the Company.

Hedging Activity

Other than as noted below, the Company does not engage in any form of hedged, derivative or leveraged trading. Furthermore, the Company does not extend margin or leverage to any of its customers.

The Company enters into foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its major currency holdings. The forward contracts are recognized at fair value and the gain or loss is recorded daily and is included in commissions on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed within a twenty-four hour period resulting in the collateral being liquidated. For the three months ended December 31, 2012, the change in foreign currency value was a gain of 122,880 (three months ended 2011 - loss - $59,989), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a loss of $96,301 (three months ended December 31, 2011 - loss - $55,074).

As at December 31, 2012 and September 30, 2012 approximately $159,929 and $132,340, respectively, was being held as collateral on these contracts and is reflected as restricted cash in the consolidated statements of financial position.

As at December 31, 2012 and September 30, 2012, management has assessed that the fair value of the above foreign currency forward contracts was a nominal amount, given their short-term nature.

Transactions with Related Parties

The remuneration of directors and other members of key management personnel during the three months ended December 31, 2012 and December 31, 2011 was as follows:

	Three months ended December 31, 2012 (unaudited)		Three months ended December 31, 2011 (unaudited)
	$		$
Short-term benefits	124,024		96,839
Post-employment benefits	5,416		1,594
Stock based compensation	44,241		-

On September 25, 2012, the Compensation Committee of the Board of Directors created a short term incentive plan ("STIP") for key officers and executives of the Company. The maximum amount of STIP payable for the fiscal year effective October 1, 2012 will be $368,813 and will be paid upon the achievement of performance objectives. The Company incurred legal and professional fees in the aggregate of $9,625 for the three months ended December 31, 2012 (three months ended December 31, 2011 - $9,244) charged by entities controlled by directors or officers. The Company also realized stock-based compensation expense in the amount of $44,241 for the vested portion of stock options granted to directors and other key members of management for the three months ended December 31, 2012 (three months ended December 31, 2011 - $Nil).

On March 9, 2012 the Company completed its public offering of 1,380,000 units. Officers and directors who participated in the offering combined to purchase a total 8,100 units.

Option Grant

The Company granted 90,000 stock options to key employees and directors on May 4, 2012, with each stock option exercisable into one common share of the Company at an exercise price of Cdn$7.50 per share and an expiry date of May 4, 2017. In accordance with the Company's incentive stock option plan, the options are subject to a vesting schedule as follows:

- 1/3 upon first anniversary of grant;
- 1/3 upon second anniversary of grant;
- 1/3 upon third anniversary of grant.

During the three months ended December 31, 2012, the Company realized stock-based compensation in the amount of $38,621 (three months ended December 31, 2011 - $Nil) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

Risk-free interest rate	0.78%
Expected volatility	45%
Expected dividend yield	Nil
Expected life (years)	5
Fair value of share at grant date	Cdn$7.30
Fair value of option at grant date	$2.84

Option Grant (continued)

On December 17, 2012, the company granted 116,000 stock options to select employees and directors with an exercise price of Cdn$7.50 and an expiry date of December 18, 2017. During the three months ending December 31, 2012, the Company realized stock based compensation in the amount of $7,226 (three months ending December 31, 2011 - $Nil) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

Risk-free interest rate	0.74%
Expected volatility	49%
Expected dividend yield	Nil
Expected life (years)	5
Fair value of share at grant date	Cdn$6.75
Fair value of option at grant date	$2.66

During the three months ended December 31, 2012, the Company realized a total of $45,847 in stock based compensation for the vested valued 206,000 options issued in outstanding.

Subsequent events

Subsequent to December 31, 2012, the Company repaid the $1,000,000 shareholder loan as well as the $269,115 outstanding on the line of credit held with Branch Banking and Trust Company.

Critical accounting estimates

The company's accounting policies are described in Note 2 to the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2012. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that the company believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of asset, liability, revenue or expense being reported.

Carrying value of intangible assets

The Company makes significant judgments about the value of its proprietary software, www.ceifx.com. Once the scope of a project is deemed technologically feasible, the Company capitalizes costs incurred for the planning, development, and testing phases of modules developed within its software. Subsequent to the completion of the software development cycle, each module is amortized over a period of five years. Costs relating to software maintenance, regular software updates, and minor software customizations are expensed as incurred.

Critical accounting estimates (continued)

Share-based payments including broker options

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Information about significant areas of estimation and critical judgments in applying accounting policies that have significant effects on the amounts recognized in the unaudited condensed interim consolidated financial statements are included in the following notes:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The Company reviews property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Amortization expense

The Company's property and equipment and intangible assets are amortized over their estimated useful economic lives. Useful lives are based upon management's estimates of the length of time that the assets will generate revenue, which is reviewed at least annually for appropriateness. Changes to these estimates can result in variations in the amounts charged for amortization and in the assets' carrying amounts.

Changes in Accounting Policies

New accounting policies

IFRS 7 Financial instruments - Disclosures ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has implemented this new standard and has determined that it did not have a significant impact on its unaudited condensed interim consolidated financial statements .

Future accounting pronouncements

Certain pronouncements were issued by the IASB or IFRIC. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on unaudited condensed interim consolidated financial statements .

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12 Consolidation – Special purpose entities. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The Company intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning October 1, 2013. The Company has not yet determined the impact of IFRS 10 on its unaudited condensed interim consolidated financial statements.

IFRS 12 Disclosure of Involvement with Other Entities ("IFRS 12") was issued in May 2011. IFRS 12 requires a parent company to disclose information about significant judgments and assumptions it has made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. An entity should also provide these disclosures when changes in facts and circumstances affect the entity's conclusion during the reporting period. This standard is effective for annual periods beginning on or after October 1, 2013, and early adoption is permitted. The Company has not yet determined the impact of IFRS 12 on its unaudited condensed interim consolidated financial statements.

IFRS 13 *Fair Value Measurement* ("IFRS 13") was issued in May, 2011 and provides guidance on how to measure fair value, as well as requiring specific disclosures related to fair value measurements recognized and in the financial statements.. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of IFRS 13 on its unaudited condensed interim consolidated financial statements.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended by the IASB in June 2011 in order to improve consistency and clarity of the presentation of items in other comprehensive income. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments to IAS 1 on its unaudited condensed interim consolidated financial statements.

Future accounting pronouncements (continued)

IAS 32 Financial Instruments - Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company is assessing the impact of IAS 32 on its unaudited condensed interim consolidated financial statements.

Financial Instruments and Other Instruments

Financial assets
Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit and loss
Financial assets at fair value through profit and loss are initially recognized at fair value with changes in fair value recorded through income. Cash includes local and foreign currencies held in tills, vaults, or in transit are included in this category of financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets including cash held by banks, accounts receivable, financial instruments included in other current assets and restricted cash held in escrow are all classified as loans and receivables.

Derivative financial instruments
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each consolidated statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable, accrued expenses, shareholder loan payable, and notes payable are all classified as other financial liabilities. Forward contract liability and warrant liability are classified as fair value through profit or loss.

Financial Instruments and Other Instruments (continued)

Other financial liabilities
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value
Financial instruments recorded at fair value in the condensed interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2012 and September 30, 2012, cash including foreign currencies held in tills and vaults and warrant liability are classified as Level 1 financial instruments.

Disclosure of outstanding share data

The Company is authorized to issue 100,000,000 common shares with a par value of $1.00 per common share, of which 3,931,702 Common Shares are issued and outstanding as fully paid as at date of this MD&A. Of the 3,931,702 issued and outstanding as at December 31, 2012 1,033,282 are held in escrow. Of the 1,033,282 common shares held in escrow, 516,641 common shares are to realized twelve and eighteen months following the closing date of the public offering. The Company has granted 206,000 stock options to employees and directors, with each stock option exercisable into one common share of the Company at an exercise price of Cdn$7.50 per share of which 90,000 have an expiry date of May 4, 2017 and 116,000 have an expiry date of December 18, 2017. The Company has 1,439,634 warrants outstanding. Each warrant entitles its holder to purchase one common share at a price of Cdn$7.50 with an expiry date of September 8, 2013. In addition the Company issued broker compensation options entitling the agents to acquire a maximum of 82,800 units at a price $6.65 per unit until March 9, 2013. Each unit consists of one common share and one common share purchase warrant exercisable at a price of Cdn$7.50 until September 8, 2013. During the three months ended December 31, 2012, the agents exercised 59,634 options for total proceeds of Cdn$396,566 ($399,531).

Risk factors

The operations of the Corporation are speculative due to the high-risk nature of its business and present stage of development. These risk factors could materially affect the Corporation's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. Although the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Corporation, and other risks and uncertainties not presently known by management could impair the Corporation and its business in the future.

Risk factors (continued)

Limited operating history

The Corporation has only a limited operating history upon which an evaluation of the Corporation and its prospects can be based. Although the Corporation anticipates increases in revenues, it is also incurring substantial expenses in the establishment of its business. To the extent that such expenses do not result in appropriate revenue increases, the Corporation's long-term viability may be materially and adversely affected.

A significant portion of the Corporation's financial resources have been and will continue to be, directed to the development of its business and marketing activities. The success of the Corporation will ultimately depend on its ability to generate cash from its business. There is no assurance that the future expansion of the Corporation's business will be sufficient to raise the required funds to continue the development of its business and marketing activities.

Future capital needs and uncertainty of additional financing

The corporation may need to raise funds in order to support more rapid expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Corporation may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Corporation, or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Corporation will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of Common Shares. If adequate funds are not available on acceptable terms, the Corporation may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Corporation's business, financial condition and operating results.

Competition

The Corporation faces competition from established competitors such as Travelex Group, Wells Fargo Bank, Bank of America and American Express, and also from competitors using alternative technologies.
While the market for foreign currency exchange is highly fragmented in the United States, there exists little in the way of barriers to entry to this type of business. The Corporation therefore believes that it must continue to develop new products and services and introduce enhancements to its existing products and services in a timely manner if it is to remain competitive. Even if the Corporation introduces new and enhanced products and services, it may not be able to compete effectively because of the significantly greater financial, technical, marketing and other resources available to some of its competitors. As the markets for the Corporation's products and services expand, additional competition may emerge and competitors may commit more resources to competitive products and services. There can be no assurance that the Corporation will be able to compete successfully in these circumstances.

Management of Growth

The Corporation has recently experienced, and may continue to experience, rapid growth in the scope of its operations. This growth has resulted in increased responsibilities for the Corporation's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Corporation will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Corporation will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Corporation's operations.

Credit Risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and accounts receivable. The Corporation maintains its cash accounts in high quality financial institutions. At various times, the Corporation's cash in bank balances may exceed the federally insured limits.

The Corporation provides credit, in the normal course of business, to customers. The Corporation performs ongoing credit evaluations of its customers, generally does not require collateral and maintains allowances for potential credit losses, which when realized, have been within the range of management's expectations.

Foreign currency price risk:
The Company's foreign currency holdings may be volatile due to differences or changes in the political and financial environment of the corresponding issuing country. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as their use of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. During any given time the Company may have up to $500,000 in minor or exotic currencies that are unhedged. A 2% reduction in market price for the aggregate of company's unhedged currencies would result in an exchange loss of $10,000.

Product Development and Rapid Technological Change
The advent of the so called "cashless society" may erode the retail currency markets resulting in a significant adverse effect upon the Corporation's continued growth and profitability. While the enabling technology has existed for over a decade, the development of a truly cashless society continues to be slowed by such factors as issues respecting infrastructure, cultural resistance, distribution problems and patchwork regulations. Nevertheless, the success of the Corporation could be seriously affected by a competitor's ability to develop and market competing technologies.

To remain competitive, the Corporation must continue to enhance and improve the responsiveness, functionality and features of its technology and website, CEIFX. The Internet and the e-commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Corporation's existing operations and proprietary technology and systems obsolete. The Corporation's success will depend, in part, on its ability to develop leading technologies useful in its business, enhance its existing services, develop new services and technology that address the increasingly sophisticated and varied needs of its existing and prospective customers and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of Internet and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Corporation will successfully implement new technologies or adapt its website, proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Corporation is unable to adapt in a timely manner in response to changing market conditions or customer requirements for technical, legal financial or other reasons, the Corporation's business could be materially adversely affected.

Intellectual Property

Proprietary rights are important to the Corporation's success and its competitive position. Although the Corporation seeks to protect its proprietary rights, its actions may be inadequate to protect any trademarks and other proprietary rights or to prevent others from claiming violations of their trademarks and other proprietary rights. In addition, effective copyright and trademark protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate designation of the Corporation's work. Any of these claims, with or without merit, could subject the Corporation to costly litigation and the diversion of the time and attention of its technical management personnel.

Government Regulation and Compliance

Any non-compliance with U.S. Treasury Department currency transaction reporting procedures could result in significant financial penalties and the possibility of criminal prosecution. While the Corporation is largely exempt from these procedures given that (i) transactions originating with hospitality sector clients are subject to certain floor limits that represent a small fraction of the reporting threshold limits, and (ii) transactions originating with banks are subject to the banks own internal compliance reporting procedures, effectively relieving the Corporation of this responsibility, the risk is nevertheless present.
Several countries prohibit non-banks from providing currency exchange transaction services. While the Corporation believes the possibility is remote, there does exist the risk that the United States government may someday institute regulations to prohibit non-banks from providing foreign currency exchange services.

Network Security Risks

Despite the implementation of network security measures by the Corporation, its infrastructure is potentially vulnerable to computer break-ins and similar disruptive problems. Concerns over Internet security have been, and could continue to be, a barrier to commercial activities requiring consumers and businesses to send confidential information over the Internet. Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to the Corporation's clients. Moreover, until more comprehensive security technologies are developed, the security and privacy concerns of existing and potential clients may inhibit the growth of the Internet as a medium for commerce.

Risk of System Failure or Inadequacy

The Corporation's operations are dependent on its ability to maintain its equipment in effective working order and to protect its systems against damage from fire, natural disaster, power loss, telecommunications failure or similar events. In addition, the growth of the Corporation's customer base may strain or exceed the capacity of its computer and telecommunications systems and lead to degradations in performance or systems failure. The Corporation may in the future experience failure of its information systems which may result in decreased levels of service delivery or interruptions in service to its customers. While the Corporation continually reviews and seeks to upgrade its technical infrastructure and provides for certain system redundancies and backup power to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Corporation's operations could have a material and adverse effect on the Corporation's business.

In addition, some of the Corporation's applications are hosted by customers. Any failure on the part of those customers to maintain their equipment in good working order and to prevent system disruptions could have a material and adverse effect on the Corporation's business.

Theft & Risk of Physical Harm to Personnel
The Corporation stores and transports bank notes as part of its daily business and faces the risk of theft and employee dishonesty.

The Corporation maintains a crime insurance policy which provides coverage against theft and employee dishonesty, but any particular claim is subject to verification that it is within policy limits which may not be assured and may require legal proceedings to enforce coverage. Of particular concern are circumstances where employees could collude with customers to engage in theft by evasion of internal and other controls and cause damage which may not be predictable or within the terms of existing insurance coverage. The Corporation's Audit Committee monitors internal controls and the CEIFX technology monitors and account for all fund balances in real time.

In addition, employees and agents of the Corporation are potentially subject to physical harm if subjected to a forcible robbery. The Corporation has an internal risk committee which manages the deployment of a comprehensive security program which includes surveillance cameras, alarms, safe/vault equipment alarms and additional intrusion protection devices, as well as multiple staff on site at all times.

Reliance on Key Personnel
The Corporation currently has a small senior management group, which is sufficient for the Corporation's present level of activity. The Corporation's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Corporation relies on a limited number of key employees, consultants and members of senior management and there is no assurance that the Corporation will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Corporation's business, financial condition and prospects.

The development of the Corporation is dependent upon its ability to attract and retain key personnel, particularly the services of the President and CEO, Randolph W. Pinna. The loss of Mr. Pinna's services could have a materially adverse impact on the business of the Corporation. There can be no assurance that the Corporation can retain its key personnel or that it can attract and train qualified personnel in the future. The Corporation currently has key person insurance on Mr. Pinna of $2.5 million.
Control of the Corporation

Randolph W. Pinna, the President, Chief Executive Officer and Chairman of the Corporation, is the principal shareholder of the Corporation and the promoter of the Corporation. Mr. Pinna beneficially owns 1,548,000 of the issued and outstanding Common Shares representing approximately 39% of the Common Shares. See "Directors and Officers" and "Promoters".

Dr. Sanford Pinna is one of seven directors of the Corporation and owns 3,000 Common Shares representing approximately 0.08% of the Common Shares issued and outstanding. Dr. Pinna is not an independent director as he is an immediate family member of Randolph W. Pinna.

By virtue of his status as the principal shareholder of the Corporation, by being a director and officer of the Corporation and having an immediate family member who is also a director and a shareholder, Randolph W. Pinna has the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors, amendments to the Corporation's articles and by-laws, mergers, business combinations and the sale of substantially all of the Corporation's assets. As a result, the Corporation could be prevented from entering into transactions that could be beneficial to the Corporation or its other shareholders. Also, third parties could be discouraged from making a take-over bid. As well, sales by Randolph W. Pinna of a substantial number of Common Shares could cause the market price of Common Shares to decline.

Control of the Corporation (continued)

All of the Common Shares issued to Randolph W. Pinna and Dr. Sanford Pinna were placed in escrow following completion of the Offering. As at the date of the MD&A 50% of such securities in escrow have been released.

Mr. Randolph Pinna's influence over the control of the corporation is, and on an ongoing basis will be, mitigated by the Corporation's appointment of a Lead Independent Director and the independent majority of its board and its committees. Additionally, should all of the outstanding warrants of the Corporation be exercised prior to the warrant expiry date, and assuming Mr. Pinna does not acquire any additional shares, his beneficial ownership of the issued and outstanding common shares will be reduced to approximately 29% of the common shares.

Global Economic and Financial Market Conditions

Recent market events and conditions, including disruption in the Canadian, U.S. and international credit markets and other financial systems and the deterioration of Canadian, U.S. and global economic conditions, could, among other things, impact tourism and impede access to capital or increase the cost of capital, which would have an adverse effect on the Corporation's ability to fund its working capital and other capital requirements.

Notwithstanding various actions by U.S., Canadian and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused the broader credit markets to deteriorate. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, such as the Corporation.
These disruptions could, among other things, make it more difficult for the Corporation to obtain, or increase its cost of obtaining, capital and financing for its operations. The Corporation's access to additional capital may not be available on terms acceptable to the Corporation or at all.

Market Price and Volatile Securities Markets

Worldwide securities markets have been experiencing a high level of price and volume volatility and market prices of securities of many companies have experienced unprecedented declines in prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Market forces may render it difficult or impossible for the Corporation to secure purchasers to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount invested on dispositions of their Common Shares during periods of such market price decline.

International Issuer, Management and Directors

The Corporation is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Substantially all of the Corporation’s assets are located outside of Canada. Certain of the officers, directors and the promoter of the Corporation reside outside of Canada. Although the Corporation and such persons have appointed Peterson Law Professional Corporation as their agents for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against the Corporation or such persons.

Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they come due. Management does not feel that there is a significant risk with respect to liquidity given the nature of operations.

Interest Risk

The Corporation has cash balances subject to interest risk fluctuations. A significant portion of the Corporation's cash is held in tangible foreign currencies and is not subject to interest risk. Should the Corporation assume any debt, it would also be subject to interest rate fluctuations as various lines of credits and loans are affected by the bank's prime rate. Management would monitor the status of its loans on a consistent basis and base financing decisions accordingly.