

## QUIKFLO TECHNOLOGIES INC.

### MANAGEMENT'S DISCUSSION & ANALYSIS

#### FOR THE THREE MONTHS ENDED OCTOBER 31, 2015

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This management's discussion and analysis ("**MD&A**") discusses the activities and financial position of QuikFlo Technologies Inc. ("**QuikFlo**" or the "**Company**") for the three months ended October 31, 2015. The following information should be read in conjunction with the unaudited interim financial statements of the Company as at and for the period ended October 31, 2015 and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian currency unless otherwise stated.

#### **Date of Report**

This MD&A is dated February 3, 2016 and presents material information up to this date.

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, QuikFlo or the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used herein, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed below and under "Risk Factors". Although the forward-looking statements contained herein are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- the Company's future capital requirements and other requirements and expenditures (including the amount, nature and sources of funding thereof);
- the Company's competitive position and its expectations regarding competition;
- the Company's expectations regarding future clinical and operational trials;
- the Company's expectations regarding the safety and efficacy of its protocols;
- the Company's expectations regarding the use of its product and its revenue, expenses and operations;
- the Company's expectations regarding the progress and the successful and timely completion of the various stages of the research and development process;
- the Company's expectations regarding the licensing or regulatory oversight of the Company's product; and

- the Company's expectations regarding the timing for availability of the Products and acceptance of its Products by the market.

In particular, the forward-looking statements assume factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements, which include, but are not limited to:

- the requirement for, and the Company's ability to obtain future funding on favourable terms or at all, to fund development and operations;
- the Company's strategy with respect to the protection of its intellectual property, license and patent protection;
- changes in governmental regulations regulation of the healthcare markets, standards and reimbursement models in relevant jurisdictions;
- the Company's ability to successfully market and price the Products and services;
- the Company's ability to attract and develop and maintain relationships with manufacturers, suppliers, physicians/clinicians, etc.;
- market competition and advances of competitive Products;
- changes to the marketplace;
- the Company's ability to attract and retain skilled and experienced personnel;
- key-man and liability insurance, uninsurable risks;
- the Company's ability to satisfy conditions under the UTI Assignment Agreement;
- the Company's limited history in the life sciences industry;
- product liability and medical malpractice claims or other potential unknown liabilities;
- the economy generally and stock market volatility; and
- other risks detailed from time-to-time in the Company's ongoing quarterly and annual filings with applicable securities regulators, and those which are discussed under the heading "Risk Factors".

### **Brief Description of Business**

QuikFlo Technologies Inc. ("QuikFlo" or the "Company") is a software development company in Calgary working in close collaboration with the Calgary Stroke Program at the Foothills Medical Center, University of Calgary. QuikFlo is developing a stroke treatment/triage decision support tool for use by physicians. The Company was incorporated on May 12, 2015 pursuant to the provisions of the Business Corporations Act (Alberta) as 1896483 Alberta Ltd. On July 9, 2015, the Company changed its name to QuikFlo Technologies Inc. The address of the head office is suite 430-580 Hornby Street, Vancouver, BC V6C 3B6.

On September 1, 2015, the Company entered into an agreement dated with the shareholders of Viper Gold Ltd. ("Viper"), a public Alberta company, pursuant to which Viper would acquire all of issued and

outstanding QuikFlo shares in exchange for 30 million common shares of Viper ("Viper Shares") at a deemed price of \$0.10 per Viper Share (the "Transaction").

QuikFlo's sole asset is the rights to intellectual property (the "Technology") that is being developed into an automated diagnostic tool (the "Product") which interprets computerized tomography ("CT") scans of ischemic stroke patients and provides specific treatment options to attending physicians. All of the Viper Shares being issued will be subject to escrow as required by policies of the TSX Venture Exchange (the "Exchange").

Additional information and details on the QuikFlo transaction can be found on the Management Information Circular dated September 30, 2015 which is filed on SEDAR. This transaction closed on November 23, 2015.

### **Nature of Operations and Going Concern**

On September 1, 2015, the Company entered into an agreement with Viper Gold Ltd ("Viper"), pursuant to which Viper would acquire all of the issued and outstanding shares of the Company for 30,000,000 common shares of Viper. Viper is a public company listed on the TSX Venture Exchange. As a result of the acquisition, and assuming the completion of a concurrent financing of 2,000,000 common shares, shareholders of the Company, as a group, would hold approximately 78% of the outstanding common shares of the combined entity. Following Viper's acquisition of the Company, the Company will be a wholly-owned subsidiary of Viper. Future business will be carried on in the name of QuikFlo Health Inc. The acquisition was subject to regulatory and shareholder approval.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management believes they have sufficient working capital to continue current operations for the next twelve months, but is aware, in making its going concern assessment, of material uncertainties related to events or conditions that cast doubt upon the entity's ability to continue as a going concern. The Company has incurred a loss in the current and prior periods, with a loss of \$114,400 for the three months period ended October 31, 2015, (for the three months period ended July 31, 2015 - \$40,843), and as at October 31, 2015 has an accumulated deficit of \$155,244 and a working capital of \$37,282 (July 31, 2015 – a working capital deficiency of \$(43,288).

On May 12, 2015, the Company issued 1 common share at a price of \$1 per common share. This share was cancelled on August 1, 2015.

On July 27, 2015, the Company issued 600 common shares at an estimated fair value of \$625 per common share for total consideration of \$375,000 for the acquisition of IP Rights (See Note 5).

On July 27, 2015, the Company reserved for issuance to certain officers and directors of the Company, 80 common shares for cash consideration of \$625 per common share until October 31, 2015.

Subsequent to October 31, 2015, the Company issued 400 common shares at \$625 per common share for gross proceeds of \$200,000. In connection with the private placement, share issue costs of \$2,446 were accrued as at July 31, 2015. Officers of the Company subscribed for 136 common shares for gross proceeds of \$85,000 pursuant to this private placement.

On November 23, 2015 the Viper transaction closed, making the Company a wholly-owned subsidiary of QuikFlo Health Inc., formerly Viper Gold Inc.

## Results of Operations

	<i>Notes</i>	For Three Months period ended October 31, 2015 (Unaudited) \$	Period From Incorporation (May 12, 2015) to July 31, 2015 (Audited) \$
<b>Expenses</b>			
Management and consulting fees		1,500	-
Payroll		4,177	-
Professional fees		81,622	40,843
General and administrative expenses	11	27,101	-
<b>Net loss and comprehensive loss for the period</b>		<b>114,400</b>	<b>40,843</b>
Basic and diluted loss per share		<u>\$190.35</u>	<u>\$887.89</u>
Weighted average number of common shares		<u>601</u>	<u>46</u>

For the three months ended October 31, 2015, the Company incurred a net loss of \$114,400, or \$190.35 per share, compared with a net loss of \$40,843, or \$887.89 per share for the three months period ended July 31, 2015.

The overall higher expenditures incurred in 2015 is due to costs incurred towards investigating and reviewing various potential business opportunities, some of which are no longer under consideration, and more specifically costs incurred in the QuikFlo transaction and the subsequent Viper Gold transaction.

## Liquidity and Capital Resources

The Company does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

At October 31, 2015 the Company had a cash balance of \$48,328, and working capital of \$37,282.

The Company has been using the proceeds from the private placements to address its payables, and investigate business opportunities in the pharmaceutical and technology sectors. With the closing of the Quikflo/Viper transaction, the Company closed a private placement of \$250,000 with the issue of 400 shares at \$625 per share. It is anticipated that the Company will need to raise additional funds within the next 6 months in order to continue to execute on the Quikflo business plan.

## Selected Quarterly Financial Information

A summary of selected financial information for the periods indicated follows:

	October 31, 2015	July 31, 2015
Net Loss	\$114,400	\$40,843
Net Loss Per Share: Basic and Diluted	\$190.35	\$887.89
Total Assets	\$435,151	\$376
Total Liabilities	\$17,480	\$45,079

No dividends have been declared or paid by the Company in any of the periods presented above. The Company does not anticipate declaring or paying any dividends on its Common Shares in the foreseeable future.

## Commitments and Contingencies

On July 27, 2015, the Company signed an Assignment Agreement with UTI Limited Partnership ("UTI") for the IP Rights. Pursuant to the Assignment Agreement, the Company shall pay the following: i) running royalty of 1% of net sales; ii) royalty conversion at the time of a liquidation event or an IPO equal to 1% of the aggregate consideration for a liquidation event or a valuation for an IPO, and iii) a fee equal to 2% of either the aggregate consideration for a liquidation event or for an IPO upon a change of control.

## Significant accounting judgments and use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*i. Share-based payments*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-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 and 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.

*ii. Income taxes and recoverability of potential deferred tax assets*

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are

based on forecasted cash flows from operations and the application of existing tax laws. Future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

### Future Accounting Changes

Accounting standards and interpretations issued but not yet adopted:

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective for the three months ended October 31, 2015, and have not been applied in preparing the condensed interim financial statements as follows:

- IFRS 9, *Financial Instruments*, addresses the classification and measurement of financial assets.

These standards are being evaluated to determine their impact on the financial statements of the Company. IFRS 9 is effective for the Company's fiscal year starting January 1, 2018.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Compensation of Key Management and Related Party Transactions

The remuneration of directors and members of key management personnel during the three month period ended October 31, 2015 and July 31, 2015 was as follows:

	<b>October 31, 2015</b>	<b>July 31, 2015</b>
Compensation	\$ -	\$ -
Share-based payments	-	-
	<u>\$ -</u>	<u>-</u>

No options were granted during the three month period ended October 31, 2015 and for the year ended July 31, 2015.

### Outstanding Share Data

Details about the Company's capitalization as at February XX, 2016 are as follows:

Common shares issued and outstanding	1,000
Potential issuance of common shares – warrants	-
Stock options issued to directors, employees, officers and consultants	-

### Financial Instruments and Other Instruments

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

#### Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The

Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss is remote. Financial instruments included in amounts receivable consist of harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

#### Liquidity Risk

As at October 31, 2015, the Company had a working capital of \$37,282 (July 31, 2015 – a working capital deficiency of \$(43,288)). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2015, the Company did not have sufficient cash to settle current liabilities.

#### Market Risk

At the present time, the Company does not hold any interest in any property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of its software privately. Any product developed will be subject to risk of market acceptance and competition. Additional capital will be required to complete the product development.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and currently does not carry interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. As at September 30, 2015, the Company's exposure to interest rate risk is minimal.

#### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at October 31, 2015, the Company had cash balances of \$ Nil in US dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have had a material effect to the net loss for the three months period ended October 31, 2015.

#### Fair Value of Financial Assets and Liabilities

The book values of the cash, amounts receivable, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

	As at October 31, 2015		As at July 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash	\$ 48,328	\$ 48,328	\$ 1	1
Amounts receivable and prepaid	6,794	6,794	1,790	1,790
Accounts payable and accrued liabilities	17,840	17,840	45,079	45,079

## Risks and Uncertainties

### Early Stage of Development

The Company is in the early stage of development and has limited operating history. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

### Unproven Technology

The Technology remains in a continuing state of development. Although QuikFlo and the developers of the Technology have made significant findings and advancements in the creation and maintenance of the Products, the Company may not be able to prove commercial viability of the Technology.

### Rapid Technological Change

Technological advances could make redundant or impair future product sales as these advances may effectively reduce the positioning of any Products in the market place. The industry in which the Company operates is characterized by rapid and substantial technological change. The Company's competitors may have developed or may be developing technologies which could become the basis for competitive products. Some of these products may prove to be more effective and less costly than the Products under development. There can be no assurance that the development of additional products by others will not render the Company's product candidates non-competitive or that the Company will be able to keep pace with technological developments.

### Achievement of the Company's Business Objectives

The achievement by the Company of its business objectives poses many challenges and is based on a number of assumptions. The Company may not be able to successfully achieve all of its business objectives. In addition, it cannot guarantee that it will be able to leverage its relationships with suppliers or other industry participants for further development of the Technology. If the Company experiences significant cost overruns on its programs or if achievement of milestones is more costly than anticipated, certain research and development activities may be delayed or eliminated, resulting in changes or delays to the commercialization plans, or the Company may be compelled to secure additional funding (which may or may not be available).

### Market for the Products

The market for the Products may be considered an emerging market, to the extent that adoption of the Products relies on decisions by medical personnel to change their diagnostic and treatment methods, and it is not known whether this change will occur to the extent required to grow the market for the Products.



The Company's ability to gain and increase market acceptance of its Technology and the Products depends upon its ability to develop, commercialize and market its Technology and the Products. In order to do so, substantial expenditures on the development and commercialization of its technology, strategic relationships and marketing initiatives must be made.

The development of a mass market for the Products may be affected by many factors, some of which are beyond the control of the Company, including the emergence of newer, more competitive Technology and Products, the cost of the Products, regulatory requirements, consumer perceptions of the safety of the Products, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than anticipated, the Company may never achieve profitability. In addition, it cannot guarantee that it will continue to develop, manufacture or market the Products if sales levels do not support the continuation of the Products.

### **Success depends on the successful commercialization of the Technology**

The successful commercialization of its Technology is crucial for the success of the Company. Successful product development in the medical device industry and imaging industry is uncertain. If the process related to product development does not result in a commercially successful Product, the business could be adversely affected. Even if its Technology is shown to be effective, the Company and its strategic collaborators may face unforeseen difficulties in manufacturing. These difficulties may only become apparent upon the scaling up the manufacturing to commercial scale. In addition, there is no guarantee that market acceptance will come upon the successful manufacturing and sale of any Product.

The Company's ability to become profitable will depend on, among other things: (i) its ability to successfully market and sell the Products as well as certain new Products and Technology; the Company's ability to research, develop and successfully launch new Products and Technology; (ii) its ability to control costs; and (iii) its ability to ensure sales royalty and other related technology assignment income streams from users of its Technology.

### **Lack of Revenue and a History of Operating Losses**

The Company cannot predict with certainty its future revenues or results from its operations. If the assumptions on which the revenue or expenditure forecasts are based change, the benefits outlined in the business plan may change as well.

QuikFlo does not have any operational history or earnings. Although the Company will hope to eventually generate revenues, significant operating losses are to be anticipated for at least the next few years and possibly longer. To the extent that such expenses do not result in the creation of appropriate revenues, the Company's business may be materially adversely affected. It is not possible to forecast how the business of the Company will develop.

### **Risks Associated with Product Development**

The Company may from time to time experience delays in introducing new Products and Product enhancements and there can be no assurance that the Company will not experience difficulties that could delay or prevent the successful development, introduction and marketing of new Products or Product enhancements. In addition, there can be no assurance that such new Products or Product enhancements will meet the requirements of the marketplace and achieve market acceptance. In today's software market, packaging, 'look and feel' and 'cleverness of concept' have a strong bearing on market demand particularly involving software Products attempting to make the knowledge-sharing experience both pleasant and friendly. In the event the Company fails to create a product for which there is market demand the Company will be unable to sell its Products. Any such failure could have a material adverse effect on the Company's business and results of operations.

Furthermore, Products such as those offered by the Company may contain undetected or unresolved software errors when they are first introduced or as new or enhanced versions are released. There can be no assurance that, despite significant testing by the Company, software errors will not be found in new Products and Product enhancements after commencement of commercial shipments. Any defects in the Company's software Products could adversely affect the operations of the Company and the market's acceptance of its Products and services, reduce revenues, increase costs, divert development resources, increase service and warranty costs and liability claims, and damage the reputation of the Company. In addition, from time to time the Company or others may announce Products, features or Technology which have the potential to shorten the life cycle of or replace the Company's then existing Products.

Such announcements could cause customers to defer the decision to buy or determine not to buy the Products or cause the Company's distributors to seek to return Products to the Company, any of which would have a material adverse effect on the Company's business and results of operations. In addition, product announcements by competitors may cause customers to defer the decision to buy or determine not to buy the Company's product

### **Ability to protect the Company's intellectual property**

If the intellectual property embodied in the Technology is not adequately protected, the Company may lose its competitive advantage. The Company's success depends in part on its ability to protect its rights in its intellectual property and to commercially develop such property. The Company relies on various intellectual property protections, including patents, copyright, trademark and trade secret laws and contractual provisions, to preserve Intellectual Property Rights with respect to the Technology and the Products. Despite these precautions, it may be possible for third parties to obtain and use the Company's intellectual property without its authorization. If any of its employees breach their non-disclosure obligations, the Company may not have adequate remedies in its patents, and its trade secrets may become known to its competitors. In addition, existing and future issued patents, copyright or trademarks may be insufficient to provide the Company with meaningful protection or commercial advantage.

Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada or the United States, or other jurisdictions in which the Company may do business. To protect the Company's intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Company's business or adversely affect its revenue, financial condition and results of operations.

### **The Company may be exposed to intellectual property infringement and other claims by third parties who, if successful, could disrupt its business and have a material adverse effect on its financial condition and results of operations.**

The Company's success depends, in large part, on its ability to use and develop its technology and know-how without infringing third party intellectual property rights. As the Company increases its product sales and as litigation becomes more common the Company faces a higher risk of being the subject of claims for intellectual property infringement, invalidity or indemnification relating to other parties' proprietary rights. QuikFlo's current or potential competitors, many of which have substantial resources and have made substantial investments in competing technologies, may have or may obtain patents that will prevent, limit or interfere with its ability to make, use or sell its Products in either or other countries. The validity and scope of claims relating to medical technology patents involve complex scientific, legal and factual questions and analysis and, as a result, may be highly uncertain. In addition, the defence of intellectual property suits, including patent infringement suits, and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of the Company's technical and management personnel.

Furthermore, an adverse determination in any such litigation or proceedings to which the Company may become a party could cause it to pay damage awards; seek licenses from third parties; pay ongoing royalties; redesign its Products; or be restricted by injunctions, each of which could effectively prevent the

Company from pursuing some or all of its business and result in its customers or potential customers deferring or limiting their purchase or use of the Products, which could have a material adverse effect on its financial condition and results of operations.

**The Company's business is subject to intense competition, which may reduce demand for its Products and materially and adversely affect its business, financial condition, results of operations and prospects.**

The Company faces competition from a variety of companies in the medical device industry. Some of the competitors may have greater financial, marketing, and technical resources than the Company. These competitors may be better able to withstand pressure on price or other margin pressures. There is no assurance that companies in other industries with competitive technology and greater financial resources will not begin competing with the Company in the future. Potential clients of the Company and purchasers of the Company's Products may prefer to use such services or purchase such Products from larger, more established companies than the Company. The Company may not be able to compete successfully in the future, and increased competition may result in price reductions, reduced profit margins, loss of market share and an inability to generate cash flows that are sufficient to maintain or expand its development.

Furthermore, the Company's competitors may develop Technology and Products that are more effective than those it currently offers or that render its Products obsolete or uncompetitive. In addition, the timing of the introduction of competing products into the market could affect the market acceptance and market share of its Products. The Company's failure to compete successfully could materially and adversely affect its business, financial condition, results of operations and prospects.

The Company's failure to manage its growth could strain its management, operational and other resources, which could materially and adversely affect its business and prospects.

The Company's growth strategy includes additional software Products to provide value to its existing customer base as well as expand into traditional medical markets. The Company may also develop hardware and firmware Products that will communicate with electronic medical records and personal digital assistants to facilitate remote communication of digital healthcare data. Pursuing these strategies will result in substantial demands on management resources. In particular, the management of the Company's growth will require, among other things: continued enhancement of its research and development capabilities; information technology system enhancement; stringent cost controls and sufficient liquidity; strengthening of financial and management controls and information technology systems; increased marketing, sales and sales support activities; and hiring and training of new personnel.

If the Company is not able to manage its growth successfully, its business and prospects would be materially and adversely affected.

### **Regulation Hurdles in the Medical Device and Diagnostic Industry**

The medical device and diagnostic industry is one that encounters significant regulatory hurdles in getting technological advances approved, as well as intense pressure to assure that their Technologies are cost saving or cost effective. These regulatory hurdles, as well as marketplace demands, increase the cost of innovation, as well as the potential risk of failure, which would have a material adverse effect on the Company's performance.

Potential investors should be aware of the risks, problems, delays, expenses and difficulties which the Company may encounter in light of the extensive regulatory environment within which the Company's business is carried out.

The process of obtaining necessary regulatory approval is lengthy, expensive and uncertain. The Company or its collaborators may fail to obtain the necessary approvals to commence or continue to

manufacture or market potential Products in reasonable time frames, if at all. In addition, governmental authorities in Canada, the United States, or other countries may enact regulatory reforms or restrictions on the development of new medical devices that could adversely affect the regulatory environment in which we operate or the development of any Products we may develop.

**If the Company fails to obtain or maintain applicable regulatory clearances or approvals for its Products, or if such clearances or approvals are delayed, the Company will be unable to commercially distribute and market its Products in a timely manner or at all, which could significantly disrupt its business and materially and adversely affect its sales and profitability.**

The sale and marketing of the Products are subject to regulation in the major markets for medical devices in Canada, Europe, the US and Asia. For a significant portion of its sales, the Company will need to obtain and renew licenses and registrations with the Regulatory Authorities of the countries of each major medical device market. The processes for obtaining regulatory clearances or approvals can be lengthy and expensive, and the results are unpredictable. In addition, the regulatory authorities may introduce additional requirements or procedures that have the effect of delaying or prolonging the regulatory clearance or approval for existing or new Products. If the Company is unable to obtain clearances or approvals needed to market existing or new Products, or obtain such clearances or approvals in a timely fashion, its business would be significantly disrupted, and its sales and profitability could be materially and adversely affected.

**The Company will be subject to product liability exposure and has no insurance coverage. Any product liability claims or potential safety-related regulatory actions could damage the Company's reputation and materially and adversely affect its business, financial condition and results of operations.**

The Company's main Products will be medical devices used to assist in the diagnosis of patients, and the manufacture and sale of these Products expose the Company to potential product liability claims if the use of these Products causes or is alleged to have caused personal injuries or other adverse effects. Any product liability claim or regulatory action could be costly and time-consuming to defend. If successful, product liability claims may require the Company to pay substantial damages.

While the Company will take precautions it deems to be appropriate to avoid product liability suits against it, there can be no assurance that it will be able to avoid significant product liability exposure. Product liability insurance for the medical products industry is generally expensive, to the extent it is available at all. The Company has not yet sought to obtain product liability coverage and there can be no assurance that it will be able to obtain such coverage on acceptable terms, or that any insurance policy will provide adequate protection against potential claims. A successful product liability claim brought against the Company may exceed any insurance coverage secured by the Company, and could have a material adverse effect on the Company's results or ability to continue marketing its Products. A product liability claim or potential safety-related regulatory action, with or without merit, could result in significant negative publicity and materially and adversely affect the marketability of Products and the Company's reputation, as well as its business, financial condition and results of operations.

### **Reliance on Key Personnel**

The Company will be dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on the Company. There can be no assurance that any of the Company's employees will remain with the Company or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with the Company. Should any of such key personnel cease to be available to provide services to the Company, the marketing and sales of the Products and development and commercialization of the Technology could be delayed or rendered unachievable.

Furthermore, as part of the Company's growth strategy, it must continue to hire highly qualified individuals. There can be no assurance that the Company will be able to attract, train or retain qualified

personnel in the future, which would adversely affect its business. The Company may need to apply significant portions of any future financing to management compensation if it intends to keep current qualified personnel in place.

### **Conflicts of Interest**

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

### **General Economic Trends**

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the areas in which the Company does business could adversely affect the Company's operating results.

### **Additional Financing Requirements and Access to Capital**

The Company will require substantial additional capital resources to further research and develop its Products, obtain regulatory approvals and ultimately to commercialize its Products. The Company believes that, after giving effect to the Transaction, its capital resources will be sufficient to fund its operations as currently anticipated for the next twelve months. However, marketing and advancing the Company's Products or any new product candidates, through to commercialization will require considerable resources and additional access to capital markets.

- In addition, the Company's future cash requirements may vary materially from those now expected. For example, the Company's future capital requirements may increase if:
  - it experiences scientific progress sooner than expected in its discovery, research and development of the technology, if it expands the magnitude and scope of these activities, or if it modifies its focus as a result of its discoveries or business experience;
  - it experiences delays or unexpected increased costs in connection with obtaining regulatory approvals or gaining market acceptance of its Products;
  - it experiences unexpected or increased costs relating to preparing, filing, prosecuting, maintaining, defending and enforcing patent claims; or
  - it elects to develop, acquire or license new Technology and Products.

The Company could potentially seek additional funding through corporate collaborations and licensing arrangements and/or public or private equity or debt financing. However, if the Company's marketing and distribution activities do not show positive progress, or if capital market conditions in general, or with respect to medical device or development stage companies such as the Company are unfavourable, the Company's ability to obtain additional funding on acceptable terms, if at all, will be negatively affected. Additional equity financing could result in significant dilution to the Company's shareholders.

If sufficient capital is not available, the Company may be required to delay, reduce the scope of, eliminate or divest of one or more of its research or development or licensing and distribution projects, any of which

could have a material adverse effect on the Company's business, financial condition, prospects, or results of operations.

### **Outlook**

On November 23, 2015, the Company closed on the Viper Transaction. The Company has updated its board and management which now has the necessary skills and experience in this area of stroke and stroke diagnostics to move the Product forward. Employees have been hired and work space acquired. The Company has enough funds to start executing on its preliminary business plan which would see a prototype developed over the next 12 months. Additional funds will need to be raised as the project proceeds, Further information on the transaction is contained in the Viper Gold Information circular filed recently on [www.sedar.com](http://www.sedar.com).

QuikFlo's sole asset is certain intellectual property (the "QuikFlo Diagnostic Tool") that is being developed into an automated diagnostic tool which interprets computerized tomography ("CT") scans of ischemic stroke patients and provides specific treatment options to attending physicians. All of the Viper Shares issued are subject to escrow as required by policies of the TSX Venture Exchange (the "Exchange").