

TREKLOGIC TECHNOLOGIES INC.
FORM 51-901F—SCHEDULE C—MANAGEMENT DISCUSSION
March 31, 2003

CORPORATE PROFILE

TrekLogic Technologies Inc. (“TrekLogic”) is an Information Technology (“IT”) Services company providing contract services (“staffing”) and software solutions services to a high profile client base in Canada and the United States. The software solutions business is primarily in the U.S. and is built around a number of high value-added specialty practice areas where TrekLogic has a competitive advantage, either due to specialized expertise or proprietary software tools used in the provision of services. TrekLogic is committed to making the investment in developing both software tools and highly trained personnel that results in a distinct competitive advantage. The software solutions services have three groupings -- migration services (data, systems, and applications); software design and development; and Internet e-Business solutions.

The contract services division focuses on providing contract and permanent IT staffing. The staffing initiative consists primarily of Canadian-based clients, corporate and government, and is considered a significant growth area for TrekLogic. There are many synergies between the software solutions and the staffing divisions including:

- sales and marketing (clients often require both solutions and staffing capabilities);
- cost structure savings on an administration level;
- higher utilization of employees in the solutions business, with use of contractors, allowing faster and lower-risk scalability in pursuing growth strategies.

TrekLogic has a history of strong profitability with a debt-free balance sheet and a working capital position at the end of March, 2003 in the \$1.5 million range.

MESSAGE TO SHAREHOLDERS

The quarter ending March 31, 2003 was a time of consolidation and preparation for further acquisitions and financing, which were finalized in April, 2003.

TrekLogic’s strategic business model has four distinct components:

- High value-added specialty practices • where TrekLogic can attain a distinct competitive advantage and realize strong profitability;
- Strong strategic relationships • that serve as strong sales channels for TrekLogic where there is the opportunity for significant referral business;
- Investment in highly-trained personnel • who can provide our customers with the best possible expertise to fulfill requirements on time and on budget;
- Strong internal controls and discipline • that ensure the internal operations of TrekLogic are optimally managed from a resource perspective with the objectives of maintaining a strong balance sheet, continued profitability, a reputation for

excellence with our customers, and a high degree of professionalism and commitment from our employees.

The growth strategies of TrekLogic include both organic and acquisition initiatives. Growth in the solutions business will be driven primarily through organic initiatives. The staffing business will have a strong focus on acquisitions. The strength of the TrekLogic financial position, combined with the expertise of the executive management team and the Board of Directors, positions TrekLogic very well to take advantage of weaker companies in the IT sector. Sales and marketing synergies between the staffing and solutions divisions are expected to contribute significantly to TrekLogic's ability to develop a Canadian solutions business. The contract services business in the near term is targeting the Toronto and Ottawa areas. The solutions business at present is primarily U.S.-based.

The management, directors and employees of TrekLogic are very excited and committed to developing the many opportunities available to us. We have positioned TrekLogic well to take advantage of these opportunities and look forward to sharing this success with our shareholders.

In April, 2003, the following significant events occurred.

\$4,000,000 Private Placement Financing

On April 15, 2003, the Company closed a Private Placement Financing for a total of \$4,000,000 in gross proceeds. In connection with the Financing, 6,000,000 common shares and 2,000,000 Convertible Preferred Shares were issued, all shares issued at \$0.50 per share. The Convertible Preferred Shares are convertible to 2,000,000 common shares at the option of the holder of the Convertible Preferred Shares. All shares are subject to a four month hold period, normal for Private Placement Financing of this size and nature. As part of the costs of the financing, the Company issued, to the broker who arranged the financing, 600,000 warrants as a Compensation Option, exercisable for two years from date of closing at \$0.50 per share.

The purpose of the Financing was to fund the acquisition of Brainhunter.com Ltd. and to acquire control of InBusiness Solutions Inc.

Acquisition of Brainhunter.com Ltd.

On April 9, 2003, the Company acquired 100% of the capital of Brainhunter.com Ltd., a private company in the Staffing business. As well, Brainhunter provides a web-enabled end-to-end recruitment technology. The consideration for the acquisition is:

Cash on closing (net of cash in Brainhunter on closing)	\$1,716,000
Issue of Convertible Preferred Shares at \$0.50 per share. These shares are convertible into common shares at the option of the holder.	1,093,055
Interest-free Vendor Take-Back payable over three years based on a percentage of revenue	840,367

Interest-free Vendor Take-Back payable at the end of three years in Common shares of TrekLogic Technologies Inc. at the market price of the shares prevailing at that time.	<u>458,382</u>
Total	<u>\$4,107,804</u>

Brainhunter will provide TrekLogic with a very distinctive competitive advantage in executing a disciplined growth strategy within TrekLogic's Staffing Division.

TrekLogic's Business Strategy is focused on developing High Value Added Technology Services built on Distinct Competitive Advantages. The Brainhunter technology solution provides TrekLogic's Staffing Division with a Sustainable Competitive Advantage that increases revenue opportunities, reduces costs and provides a high value business proposition that enhances customer retention. Effectively, the Brainhunter technology, particularly when combined with the TrekLogic solutions expertise, allows TrekLogic to execute a high growth consolidation strategy in the staffing industry -- Faster, Cheaper and Better. Increased revenue will result from higher quality of candidates, faster response and delivery times, faster and better matching of candidates to jobs, broader market coverage and deeper client penetration. Costs will be reduced on all fronts including sales and marketing, recruiting, candidate acquisition and infrastructure. This end-to-end integrated supply chain solution will provide master vendor capability that puts competitors at a significant disadvantage, reduces customers' total staffing costs, enhances customer penetration strategies and customer retention, allows TrekLogic better control over its gross margins and enhances TrekLogic's relationship with the contract-based personnel deployed by TrekLogic with customers.

Acquisition of control of InBusiness Solutions Inc.

In February, 2003, the Company reached an agreement (the "Agreement") with InBusiness Solutions Inc. ("InBusiness"), an Ottawa-based public company (TSX Venture: BIZ.T) operating in both the Solutions and Staffing businesses. Under the terms of the agreement, the Company agreed to advance to InBusiness \$2,000,000 in the form of a Convertible Debenture (the "Debenture") whereby, upon approval by the InBusiness shareholders, the Debenture would convert to 30,000,000 equity units of InBusiness as follows:

- \$500,000: 10,000,000 common shares at \$0.05 per share and 10,000,000 common share warrants where one warrant plus \$0.10 will entitle the holder to acquire one share for a period of twenty-four (24) months from the Closing Date; and
- \$1,500,000: 20,000,000 common shares at \$0.075 per share and 20,000,000 common share warrants where one warrant plus \$0.10 will entitle the holder to acquire one share for a period of twenty-four (24) months from the Closing Date.

Pursuant to the Agreement, the following occurred:

- In March, 2003, the Company advanced \$650,000 towards the purchase of the Debenture

- In April, 2003, the Company advanced the remaining \$1,350,000 towards the purchase of the Debenture, and closed the transaction acquiring the Debenture.
- On April 29, 2003, the shareholders of InBusiness at a special meeting approved the terms of the Convertible Debenture. Immediately, the Company converted the Debenture to Common Shares of InBusiness.

As a result of the above actions, the Company now owns approximately 62.3% of the outstanding shares of InBusiness.

Concurrent with the conversion of the Debenture to Common Shares as described above, a private company controlled by two directors of TrekLogic Technologies Inc. invested \$350,000 to acquire an interest in a pre-existing convertible debenture obligation of InBusiness.

InBusiness is an established IT solutions and services company that delivers technology solutions in business intelligence, Oracle applications, systems integration and wireless/portal applications. With a team of over 160 IT professionals, InBusiness' clients include Fortune 500 corporations and government departments located in both Canada and the United States.

John McKimm, Chairman and CEO of TrekLogic, states, "InBusiness fits well with TrekLogic's business strategy. TrekLogic has been looking to add an Ottawa base, and InBusiness certainly meets all our requirements. The business mix is very similar and we expect significant synergies to result during the coming year."

FINANCIAL RESULTS

Revenues:

Revenues for the 3 months ending March 31, 2003 reached \$2,444,062 compared to \$1,193,250 for the three months ending March 31, 2002. The growth in revenues was primarily attributed to organic growth in the Solutions business from a U.S. customer base, and in the staffing business from the acquisition of Xycorp Inc. effective July 1, 2002.

Expenses:

The largest component of expenses is personnel costs which, between consulting fees and salaries and benefits, were 68% of revenues for the year. This compares with 46% for the 3 month period ending March 31, 2002. The increase is due primarily to the acquisition of Xycorp Inc. for which personnel costs represent a higher percentage of revenues.

Sales, general and administration ("SG&A") costs for the quarter were 7% of revenues compared to 13% for the 3 month period ending March 31, 2002.

EBITDA

EBITDA for the 3 months ending March 31, 2003 was 18% of sales compared to 37% for the 3 month period ending March 31, 2002. The decline in 2003 is related primarily to the different mix of revenues to include both contract services and software sales and to increased costs associated with building an infrastructure to handle the growth opportunities. Previously income was derived primarily from solutions projects.

Tax Loss Carryforwards

At September 30, 2002 the Company had approximately \$1,300,000 of losses carried forward to offset taxable income in fiscal 2003. These losses were obtained with the acquisition of Xycorp Inc. and Next Millennium Inc.

Working Capital

Working capital has declined over the 3 months ending March 31, 2003 at \$1,469,996 compared to \$1,807,757 at December 31, 2002, largely due to the use of \$650,000 to invest in InBusiness Solutions Inc., as discussed previously. The March 31, 2003 amount is slightly in excess of the working capital of \$1,449,142 at the end of the previous fiscal year, September 30, 2002

Cash

Cash had declined at March 31, 2003 to \$61,069, largely due to the investment of \$650,000 in cash in InBusiness Solutions Inc. prior to the \$4 million equity financing which closed in April, 2003. As well, the Company put into place on September 30, 2002, an operating line of \$500,000 with a Canadian Chartered Bank, to ensure there is no shortfall in our ability to take advantage of the growth opportunities as they present themselves.