Unaudited Interim Condensed Consolidated Financial Statements of

CYBERPLEX INC.

Three and six months ended June 30, 2012 and 2011

Notice of disclosure of non-auditor review of interim condensed consolidated financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying unaudited interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2012 and 2011 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim condensed consolidated financial statements.

CYBERPLEX INC.

Unaudited Interim Condensed Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

June 30, 2012 and December 31, 2011

	June 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 6,196	$ 4,050
Accounts receivable	2,849	8,769
Income taxes recoverable	–	31
Other current assets	555	6,907
	9,600	19,757
Non-current assets:		
Restricted cash	–	2,357
Property and equipment (note 8)	317	1,998
Intangible assets (note 9)	3,558	22,069
Goodwill (note 9)	365	365
	4,240	26,789
Total assets	$ 13,840	$ 46,546
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,996	$ 13,707
Current portion of loans and borrowings (note 10)	67	4,697
Current portion of deferred lease inducements	63	71
Deferred revenue	572	498
Income taxes payable	–	348
	3,698	19,321
Non-current liabilities:		
Loans and borrowings (note 10)	95	20,836
Deferred lease inducements	12	114
Deferred tax liabilities (note 6)	493	603
	600	21,553
Shareholders' equity (note 11)	9,542	5,672
Total liabilities and shareholders' equity	$ 13,840	$ 46,546

See accompanying notes to unaudited interim condensed consolidated financial statements.

On behalf of the Board:

"Vernon Lobo" Director "Geoffrey Rotstein" Director

CYBERPLEX INC.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)

Three and six months ended June 30, 2012 and 2011

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Continuing operations:				
Revenue	$ 3,890	$ 2,797	$ 7,422	$ 6,194
Expenses:				
Publishing and advertising costs	2,357	1,509	4,337	3,534
Employee compensation and benefits	1,301	1,390	2,759	3,102
Other operating expenses	929	748	1,835	1,509
Depreciation of property and equipment	66	97	151	190
Amortization of intangible assets	278	499	554	1,001
Restructuring costs	–	–	–	50
	4,931	4,243	9,636	9,386
Loss from operations	(1,041)	(1,446)	(2,214)	(3,192)
Finance income (note 5)	(27)	(567)	(27)	(571)
Finance cost (note 5)	214	8	246	74
Loss before income taxes	(1,228)	(887)	(2,433)	(2,695)
Income tax recovery (note 6):				
Current	(52)	–	(52)	–
Deferred	(54)	(130)	(109)	(260)
Income (loss) for the period from continuing operations	(1,122)	(757)	(2,272)	(2,435)
Discontinued operation:				
Income (loss) for the period from discontinued operation, net of tax of nil (note 4)	6,324	(1,274)	4,076	(3,190)
Income (loss) for the period	5,202	(2,031)	1,804	(5,625)
Other comprehensive income (loss):				
Net change in fair value of available-for-sale financial assets	–	774	–	782
Amount reclassified to income	–	(566)	–	(566)
Foreign currency translation adjustments to equity	1,314	(62)	1,213	(361)
Other comprehensive income (loss) for the period, net of tax	1,314	146	1,213	(145)
Total comprehensive income (loss) for the period	$ 6,516	$ (1,885)	$ 3,017	$ (5,770)
Income (loss) per share (note 7):				
Basic	$ 0.04	$ (0.02)	$ 0.01	$ (0.04)
Diluted	0.04	(0.02)	0.01	(0.04)
Loss per share from continuing operations (note 7):				
Basic	(0.01)	(0.01)	(0.02)	(0.02)
Diluted	(0.01)	(0.01)	(0.02)	(0.02)

See accompanying notes to unaudited interim condensed consolidated financial statements.

CYBERPLEX INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

Six months ended June 30, 2012 and 2011

Six months ended June 30, 2012	Common shares Number of shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balances, December 31, 2011	133,839,896	$ 65,452	$ 2,278	$ (2,389)	$ (59,669)	$ 5,672
Income for the period	–	–	–	–	1,804	1,804
Share-based payments (note 12)	–	–	(15)	–	–	(15)
Transfer of share purchase loans (note 11 (b))	–	1,185	–	–	–	1,185
Cancellation of common shares (note 11 (b))	(6,314,545)	(324)	–	–	–	(324)
Repurchase and cancellation of common shares (note 11 (a))	(165,442)	(10)	–	–	–	(10)
Foreign currency translation adjustments to equity	–	–	–	1,230	–	1,230
Balances, June 30, 2012	127,359,909	$ 66,303	$ 2,263	$ (1,159)	$ (57,865)	$ 9,542

Six months ended June 30, 2011	Common shares Number of shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balances, January 1, 2011	133,839,896	$ 65,452	$ 1,944	$ (2,500)	$ (50,532)	$ 14,364
Loss for the period	–	–	–	–	(5,625)	(5,625)
Share-based payments	–	–	246	–	–	246
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	216	–	216
Foreign currency translation adjustments to equity	–	–	–	(361)	–	(361)
Balances, June 30, 2011	133,839,896	$ 65,452	$ 2,190	$ (2,645)	$ (56,157)	$ 8,840

See accompanying notes to unaudited interim condensed consolidated financial statements.

CYBERPLEX INC.

Unaudited Interim Condensed Consolidated Statement of Cash Flows
(In thousands of Canadian dollars)

Six months ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Income (loss) for the period	$ 1,804	$ (5,625)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	418	718
Amortization of intangible assets	2,727	4,383
Amortization of deferred lease inducements	(45)	(58)
Share-based payments (note 12)	(15)	246
Foreign exchange loss (gain)	(34)	(176)
Finance cost, net	217	1,237
Deferred income tax recovery	(109)	(260)
Gain on sale of Tsavo (note 4)	(6,349)	–
Restructuring costs	221	–
Change in non-cash operating working capital (note 14)	(2,945)	2,003
Cash generated from operating activities	(4,110)	2,468
Income taxes received (paid)	31	(196)
Net cash from (used in) operating activities	(4,079)	2,272
Cash flows from financing activities:		
Proceeds from bank operating facility, net	–	200
Repurchase of common shares under NCIB (note 11 (a))	(10)	–
Repayment of promissory note	(100)	–
Repayment of term loans	–	(2,176)
Repayment of finance lease	(30)	(5)
Interest paid	(272)	(818)
Net cash used in financing activities	(412)	(2,799)
Cash flows from investing activities:		
Sale of short-term investments	–	1,392
Interest income received	17	24
Proceeds from sale of available-for-sale investments	300	676
Acquisition of EQADS, net of cash acquired	–	(100)
Decrease in restricted cash and short-term investments	201	741
Proceeds on sale of Tsavo, net of cash disposed of (note 4)	6,293	–
Additions to property and equipment	(208)	(319)
Additions to intangible assets	–	(17)
Net cash from investing activities	6,603	2,397
Foreign exchange gain on cash held in foreign currency	34	176
Increase in cash and cash equivalents	2,146	2,046
Cash and cash equivalents, beginning of period	4,050	5,192
Cash and cash equivalents, end of period	$ 6,196	$ 7,238

See accompanying notes to unaudited interim condensed consolidated financial statements.

1. Corporate information:

Cyberplex Inc. (the "Company") provides on-line publishing and customer acquisition strategies and web-based advertising solutions. The Company, through its subsidiaries, and teams of technology consultants and design, usability and solutions specialists, leverages hundreds of proprietary web properties and its publisher network to connect advertisers to on-line customers and prospects. The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. The address of the Company's registered office is 1255 Bay Street, Suite 400, Toronto, ON M5R 2A9. The Company is a publicly listed company on the Toronto Stock Exchange ("TSX").

2. Basis of preparation:

(a) Statement of compliance and basis of presentation:

These unaudited interim condensed consolidated financial statements (the "interim financial statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2011 (the "2011 financial statements"). The accounting policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors authorized the statements for issue.

The notes presented in these interim financial statements include in general only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These interim financial statements should be read in conjunction with the 2011 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on August 8, 2012.

The consolidated financial statements are prepared on a going-concern basis.

2. Basis of preparation (continued):

On April 24, 2012, the Company reached an agreement to sell 100% of the shares of its subsidiary Orion Foundry (Canada) Inc. ("Tsavo") in a transaction valued at approximately $33,000. The Company received cash proceeds of $7,220, with additional defined payments totalling $100 to be received within the first year following closing. As part of the sale (see note 4 for details) the purchaser of Tsavo assumed the term loans owing to American Capital of $24,338 as well as $530 of additional term loans owing by the Company. The Company also received certain net intangible assets valued at $150. As part of the transaction, 6,314,545 common shares of the Company which were held by current and former management of Tsavo were returned to the Company for no consideration except for the transfer of related share purchase loans of $1,185 to the purchaser.

As a result of this transaction, the material uncertainty around the Company's ability to continue as a going concern for the foreseeable future was alleviated.

(b) Functional and presentation currencies:

These unaudited interim consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the U.S. dollar. The Company has elected its presentation currency to be the Canadian dollar as it is listed on the TSX and its shareholders are primarily Canadian.

3. Segment information:

The Company's chief operating decision maker is its Chief Executive Officer. Management reviews the operations of the Company by business segments. On April 24, 2012, the Company sold 100% of the shares of its subsidiary Orion Foundry (Canada) Inc. ("Tsavo"). Tsavo was the sole operation in the Company's On-Line Publishing business segment and its results for the three and six months ended June 30, 2012 and 2011 have been presented as a discontinued operation. See note 4, Discontinued operations, for information about Tsavo.

The Company's continuing business segments are described as follows:

(a) Performance-based Marketing - This segment operates an on-line network connecting advertisers and publishers to execute advertising campaigns. The segment also operates a real-time bidding platform allowing advertisers to target ads to their most relevant on-line audiences. Revenue is generated from the advertisers who pay the Company based on the performance of their campaigns.

(b) Interactive Services - This segment provides internet-based consulting services which develop and drive on-line business strategies for its clients.

(c) Corporate - This segment includes costs associated with business activities which are not specific to the Company's operational segments.

(In thousands of Canadian dollars, except per share amounts)

3. Segment information (continued):

	Three months ended June 30, 2012				Three months ended June 30, 2011			
	Performance -based marketing	**Interactive services**	**Corporate**	**Consolidated**	**Performance -based marketing**	**Interactive services**	**Corporate**	**Consolidated**
Revenues	$ 3,091	$ 799	$ –	**$ 3,890**	$ 1,951	$ 846	$ –	**$ 2,797**
Operating costs:								
Publishing and advertising costs	2,235	122	–	**2,357**	1,376	133	–	**1,509**
Employee compensation and benefits	547	641	115	**1,303**	677	564	121	**1,362**
Other operating expenses	312	342	275	**929**	320	304	124	**748**
	(3)	(306)	(390)	**(699)**	(422)	(155)	(245)	**(822)**
Share-based compensation	–	–	(2)	**(2)**	19	2	7	**28**
Depreciation of property and equipment	46	–	20	**66**	85	6	6	**97**
Amortization of intangible assets	264	–	14	**278**	486	–	13	**499**
Operating loss	(313)	(306)	(422)	**(1,041)**	(1,012)	(163)	(271)	**(1,446)**
Finance costs, net	960	16	(789)	**187**	32	(8)	(583)	**(559)**
Income (loss) before income taxes	(1,273)	(322)	367	**(1,228)**	(1,044)	(155)	312	**(887)**
Income tax recovery:								
Current	52	–	–	**52**	–	–	–	**–**
Deferred	54	–	–	**54**	130	–	–	**130**
	106	–	–	**106**	130	–	–	**130**
Net income (loss) from continuing operations	$ (1,167)	$ (322)	$ 367	**$ (1,122)**	$ (914)	$ (155)	$ 312	$ **(757)**

(In thousands of Canadian dollars, except per share amounts)

3. Segment information (continued):

	Six months ended June 30, 2012				Six months ended June 30, 2011			
	Performance -based marketing	Interactive services	Corporate	Consolidated	Performance -based marketing	Interactive services	Corporate	Consolidated
Revenues	$ 5,600	$ 1,822	$ –	**$ 7,422**	$ 4,544	$ 1,650	$ –	**$ 6,194**
Operating costs:								
Publishing and advertising costs	4,102	235	–	**4,337**	3,302	232	–	**3,534**
Employee compensation and benefits	1,197	1,341	236	**2,774**	1,557	1,184	264	**3,005**
Other operating expenses	635	635	565	**1,835**	615	620	274	**1,509**
	(334)	(389)	(801)	**(1,524)**	(930)	(386)	(538)	**(1,854)**
Share-based compensation	–	–	(15)	**(15)**	69	7	21	**97**
Depreciation of property and equipment	113	–	38	**151**	172	12	6	**190**
Amortization of intangible assets	527	–	27	**554**	974	–	27	**1,001**
Restructuring costs	–	–	–	**–**	50	–	–	**50**
Operating loss	(974)	(389)	(851)	**(2,214)**	(2,195)	(405)	(592)	**(3,192)**
Finance costs, net	2,276	–	(2,057)	**219**	198	(32)	(663)	**(497)**
Income (loss) before income taxes	(3,250)	(389)	1,206	**(2,433)**	(2,393)	(373)	71	**(2,695)**
Income tax recovery:								
Current	52	–	–	**52**	–	–	–	**–**
Deferred	109	–	–	**109**	260	–	–	**260**
	161	–	–	**161**	260	–	–	**260**
Net income (loss) from continuing operations	$ (3,089)	$ (389)	$ 1,206	**$ (2,272)**	$ (2,133)	$ (373)	$ 71	**$ (2,435)**

(In thousands of Canadian dollars, except per share amounts)

3. Segment information (continued):

The accounting policies of the segments are the same as those described in note 3 to the Company's 2011 financial statements. The Company discloses segment operating results based on income before depreciation and amortization, share-based compensation, restructuring costs, finance cost, finance income and income taxes, consistent with internal management reporting. This measure of segment operating results differs from operating loss in the consolidated statements of comprehensive income (loss). The Company's assets and operations are substantially all located in Canada; however, the Company services many customers in the United States and outside of North America.

The Company generates revenue across three geographical regions. Revenue by region was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Canada	$ 1,108	$ 1,062	$ 2,467	$ 2,103
U.S.	2,651	1,612	4,589	3,847
Outside North America	131	123	366	244
	$ 3,890	$ 2,797	$ 7,422	$ 6,194

For the three months ended June 30, 2012, one client comprised 19% of the Company's total revenue (from continuing operations) and one client comprised 10% of the Company's total revenue for the same period in 2011. For the six months ended June 30, 2012 one client comprised 14% of the Company's total revenue from continuing operations. For the same period in 2011 no customers made up more than 10% of the total revenue. No other clients exceeded 10% of revenue during these periods.

(In thousands of Canadian dollars, except per share amounts)

4. Discontinued operation:

On April 24, 2012 the Company sold Tsavo. The segment was not a discontinued operation nor classified as held for sale as at December 31, 2011 and March 31, 2012. The comparative statement of comprehensive income (loss) has been re-presented to show the discontinued operation separately from the continuing operations. Management committed to a plan to sell Tsavo on April 18, 2012. On April 18, 2012, the Company agreed upon the sale price and received required lender approval for the sale of the segment. Results of the discontinued operation for the periods presented through to the date of sale are as follows:

Results of discontinued operation	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Revenue	$ 3,561	$ 11,626	$ 16,355	$ 22,832
Expenses:				
Publishing and advertising costs	2,457	6,911	11,970	13,802
Employee compensation and benefits	289	2,166	2,007	4,358
Other operating expenses	365	986	1,478	2,005
Depreciation of property and equipment	51	240	267	528
Amortization of intangible assets	440	1,674	2,173	3,382
Restructuring costs	–	–	221	213
	3,602	11,977	18,116	24,288
Loss from operations	(41)	(351)	(1,761)	(1,456)
Finance income	(11)	(3)	(39)	(20)
Finance cost	134	926	690	1,754
Loss before income taxes	(164)	(1,274)	(2,412)	(3,190)
Current income tax recovery	139	–	139	–
Loss for the period, net of income tax	(25)	(1,274)	(2,273)	(3,190)
Gain on sale of discontinued operation (net of tax of nil)	6,349	–	6,349	–
Income (loss) for the period	$ 6,324	$ (1,274)	$ 4,076	$ (3,190)
Income (loss) per share:				
Basic	$ 0.05	$ (0.01)	$ 0.03	$ (0.02)
Diluted	0.05	(0.01)	0.03	(0.02)

(In thousands of Canadian dollars, except per share amounts)

4. Discontinued operation (continued):

Cash flows from (used in) discontinued operation:

	2012	2011
Net cash from (used in) operating activities	$ (2,809)	$ 4,471
Net cash from (used in) investing activities	42	798
Net cash from (used in) financing activities	(234)	(3,216)
Net cash from (used in) discontinued operation	$ (3,001)	$ 2,053

Consideration received:

Consideration received from Purchaser:	
Cash consideration received	$ 7,220
Deferred sales proceeds	100
Promissory note assumed by purchaser (note 10(b)(ii))	530
Intangible assets transferred to the Company	150
Total consideration received from purchaser	$ 8,000
Fair value of common shares returned and cancelled (note 11(b))	324
Total consideration received on sale of Tsavo	$ 8,324

Details of the net assets and liabilities of Tsavo disposed of are as follows:

Cash and cash equivalents	$ 927
Accounts receivable	8,406
Prepaid expenses	504
Other current assets	5,801
Restricted cash	2,156
Property and equipment	1,435
Intangible assets	15,534
Accounts payable and accrued liabilities	(10,339)
Income taxes payable	(171)
Current portion of deferred rent	(8)
Current portion of term loans	(6,757)
Long term portion of term loans	(17,581)
Long term portion of deferred rent	(57)
Net liabilities disposed of	$ (150)

(In thousands of Canadian dollars, except per share amounts)

4. Discontinued operation (continued):

Gain on disposal of Tsavo

Consideration received	$	8,324
Net liabilities of Tsavo disposed of		150
Promissory notes transferred to purchaser		200
Share purchase loans transferred		(1,185)
Intercompany loans to Tsavo forgiven		(1,053)
Transaction costs		(87)
Gain on disposal	$	6,349

Net cash inflow on disposal of Tsavo

Consideration received, satisfied in cash	$	7,220
Cash disposed of		(927)
Net cash inflow	$	6,293

5. Finance income and finance cost:

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Finance income:				
Interest income on cash and cash equivalents and restricted cash	$ (17)	$ (1)	$ (17)	$ (5)
Gain on sale of available-for-sale investments	–	(566)	–	(566)
Other	(10)	–	(10)	–
Foreign exchange gain, net	–	–	–	–
Total finance income	(27)	(567)	(27)	(571)
Finance cost:				
Foreign exchange loss, net	199	5	193	61
Other interest expense	15	3	53	3
Total finance cost	214	8	246	74
Net finance cost (income) recognized in profit or loss	$ 187	$ (559)	$ 219	$ (497)

(In thousands of Canadian dollars, except per share amounts)

6. Income tax recovery:

The Company recorded a current tax recovery of $52 in the three and six months ended June 30, 2012, there was no such recovery recorded during the same period in 2011. The current tax recovery relates to tax credits receivable due to reassessment. A deferred income tax recovery of $54 was recorded in the three months ended June 30, 2012 as compared to a deferred income tax recovery of $130 in the three months ended June 30, 2011. For the six months ended June 30, 2012 a deferred income tax recovery of $109 was recorded as compared to a deferred income tax recovery of $260 for the six months ended June 30, 2011. The deferred income tax recovery is due to the amortization of the intangible assets recognized on acquisitions and the related deferred tax liability that was accrued at that time. The liability is drawn down as that portion of the asset value is amortized. No other deferred tax recovery on losses is recorded in profit or loss and will not be until, in the opinion of management, it is probable that the deferred tax assets will be realized.

7. Loss per share:

The computations for basic and diluted loss per share for the three and six months ended June 30, 2012 and 2011 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Income (loss) for the period	$ 5,202	$ (2,031)	$ 1,804	$ (5,625)
Loss for the period from continuing operations	(1,122)	(757)	(2,272)	(2,435)
Weighted average number of shares outstanding:				
Basic	129,161,470	133,839,896	131,500,685	133,839,896
Diluted	129,161,470	133,839,896	131,500,685	133,839,896
Income (loss) per share:				
Basic	$ 0.04	$ (0.02)	$ 0.01	$ (0.04)
Diluted	0.04	(0.02)	0.01	(0.04)
Loss per share from continuing operations:				
Basic	(0.01)	(0.01)	(0.02)	(0.02)
Diluted	(0.01)	(0.01)	(0.02)	(0.02)

(In thousands of Canadian dollars, except per share amounts)

7. Loss per share (continued):

The total number of anti-dilutive options that were excluded from the calculation of diluted loss per share, because their inclusion would have been anti-dilutive for the three and six months ended June 30, 2012, were 2,553,767 (2011 - 3,395,017).

8. Property and equipment:

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost				
Balance at January 1, 2012	$ 2,220	$ 9,492	$ 2,238	$ 13,950
Additions	46	140	22	208
Disposal of Tsavo	(538)	(4,897)	(1,602)	(7,037)
Effect of movements in exchange rates	(107)	(5)	(35)	(147)
Balance at June 30, 2012	$ 1,621	$ 4,730	$ 623	$ 6,974
Depreciation				
Balance at January 1, 2012	$ 1,981	$ 8,505	$ 1,466	$ 11,952
Depreciation for the period	26	336	56	418
Disposal of Tsavo	(370)	(4,351)	(881)	(5,602)
Effect of movements in exchange rates	(18)	(75)	(18)	(111)
Balance at June 30, 2012	$ 1,619	$ 4,415	$ 623	$ 6,657
Carrying amounts				
At December 31, 2011	239	987	772	1,998
At June 30, 2012	2	315	–	317

(In thousands of Canadian dollars, except per share amounts)

9. Intangible assets and goodwill:

(a) Intangible assets by category are as follows:

	Customer relationships	Technology	Domain and content	Computer software	Total
Cost					
Balance at January 1, 2012	$ 38,190	$ 15,460	$ 15,497	$ 1,682	$ 70,829
Additions	–	–	150	–	150
Disposal of Tsavo	(19,714)	(5,513)	(7,725)	(602)	(33,554)
Effect of movements in exchange rates	(469)	(154)	(146)	(4)	(773)
Balance at June 30, 2012	$ 18,007	$ 9,793	$ 7,776	$ 1,076	$ 36,652
Amortization and impairment losses					
Balance at January 1, 2012	$ 28,274	$ 10,003	$ 8,835	$ 1,648	$ 48,760
Amortization for the period	1,528	789	399	11	2,727
Disposal of Tsavo	(11,930)	(3,067)	(2,445)	(578)	(18,020)
Effect of movements in exchange rates	(254)	(59)	(49)	(11)	(373)
Balance at June 30, 2012	$ 17,618	$ 7,666	$ 6,740	$ 1,070	$ 33,094
Carrying amounts					
At December 31, 2011	9,916	5,457	6,662	34	22,069
At June 30, 2012	389	2,127	1,036	6	3,558

(In thousands of Canadian dollars, except per share amounts)

9. Intangible assets and goodwill (continued):

(b) Goodwill:

	Tsavo Media, Inc.	CX Digital ("CXD")	EQADS	Bootcamp Media	Total
Balance at January 1, 2012	$ –	$ –	$ –	$ 365	$ 365
Effect of movements in exchange rates	–	–	–	–	–
Balance at June 30, 2012	$ –	$ –	$ –	$ 365	$ 365

10. Bank credit facilities, loans and borrowings:

(a) Bank credit facilities:

(i) The Company has a revolving demand facility and credit card facility with a Canadian chartered bank, to be used for general operating requirements. As of June 30, 2012 there were no amounts outstanding under the revolving demand facility and there was $40 outstanding under the business credit card facility (2011 - $101). The amounts owing on the demand revolving facility and credit card facility were included with accounts payable and accrued liabilities. The aggregate of available borrowings under all facilities described below cannot exceed $1,500 at any time.

The revolving demand facility is up to $1,000 by way of Canadian and U.S. dollar currency loans. The facility bears interest at the bank's prime rate plus 2.35%. Borrowings outstanding under this facility plus a $500 business credit card allocation must not exceed 75% of accounts receivable with an aging less than 90 days, as defined in the credit agreement. Amounts outstanding are repayable upon demand.

As at June 30, 2012 the Company violated the financial covenants associated with the demand revolving facility. The Company is in the process of seeking waivers from its lender relating to the violations. To date, no such agreements with the lender have been reached, and there can be no assurance that such agreements will be reached.

(In thousands of Canadian dollars, except per share amounts)

10. Bank credit facilities, loans and borrowings (continued):

(b) Loans and borrowings:

(i) The Company's subsidiary, Tsavo, had term loans with American Capital (successor by merger to American Capital Financial Services Inc.). On April 24, 2012, the purchaser of Tsavo assumed the term loans, eliminating any liability for the Company.

(ii) In September 2011, the Company entered into a promissory note with a Canadian lender in the amount of $800 due September 30, 2013. As part of the Tsavo sale transaction, the Company repaid $100 of the principal outstanding and the purchaser assumed liability for remaining principal and interest of $730.

The following table outlines the activity for term loans and borrowings for the six months ended June 30, 2012:

Term loan balance December 31, 2011 (U.S. $24,133)	$	24,543
Term loan extinguished on sale of Tsavo (U.S. $24,493)		(24,338)
Realized foreign exchange gains on term loan extinguishment		(563)
Accrued interest on term loan (U.S. $632)		630
Interest payment on term loan (U.S. $272)		(272)
Term loan balance (U.S. $nil)		–
Principal amount of promissory note		823
Repayment of promissory note		(100)
Promissory note assumed by purchaser of Tsavo		(730)
Accrued interest on promissory note		32
Principal amount of finance lease		167
Repayment of finance lease		(30)
Total loans and borrowings	$	162

Interest in the amount of $138 (U.S. $139) and $672 (U.S. $674) on the term loan, promissory note and finance lease was expensed to finance cost in the three and six months ended June 30, 2012 respectively.

(In thousands of Canadian dollars, except per share amounts)

11. Shareholders' equity:

(a) Normal Course Issuer Bid ("NCIB"):

On April 24, 2012, the Company announced a NCIB under which it could purchase up to 11,913,232 of its common shares, representing approximately 10% of the "public float" of common shares, commencing on May 14, 2012 for a period of one year. As of the date of filing the Company has repurchased and cancelled 165,442 of its common shares under the NCIB. A charge of $10 was recorded in common stock for the consideration paid for the common shares.

(b) Cancellation of common shares as part of sale of Tsavo:

On April 24, 2012, the Company obtained 6,314,545 common shares of the Company held by former management of Tsavo as part of the consideration for the sale of Tsavo. The fair value of these common shares was $324 on the day of the transaction and the shares were cancelled on the same date. The Company transferred $1,185 of related share purchase loans owed by former management of Tsavo as part of this sale transaction.

12. Share-based payments:

The following table summarizes the continuity of options issued under the Company's stock option plan:

	June 30, 2012		December 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	6,532,101	$ 0.61	7,475,768	$ 0.61
Granted	6,050,000	0.10	–	–
Forfeited or cancelled	(3,486,667)	0.55	(943,667)	0.57
Exercised	–	–	–	–
Outstanding, end of period	9,095,434	0.29	6,532,101	0.61
Options exercisable, end of period	2,553,767	$ 0.68	3,430,017	$ 0.63

(In thousands of Canadian dollars, except per share amounts)

12. Share-based payments (continued):

A summary of the status of the Company's options under the Plan is as follows:

	June 30, 2012			December 31, 2011		
Range of exercise prices	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
$0.10	6,050,000	4.99	–	–	–	–
$0.34	150,000	1.50	150,000	150,000	2.00	100,000
$0.40 - $0.46	–	–	–	536,667	0.06	536,667
$0.51 - $0.59	783,334	2.48	541,667	3,308,334	3.33	1,052,083
$0.70	522,600	0.11	522,600	522,600	0.61	522,600
$0.76	1,245,000	1.73	995,000	1,670,000	2.23	874,167
$0.80	344,500	0.74	344,500	344,500	1.24	344,500
	9,095,434		2,553,767	6,532,101		3,430,017

During the three months ended June 30, 2012, the Company recorded compensation recovery related to stock options granted to employees of $2 (2011 - expense of $99). For the six months ended June 30, 2012, the Company recorded compensation recovery related to stock options granted to employees of $15 (2011 - expense of $246)

During the three and six months ended June 30, 2012 the Company granted 6,050,000 stock options. A portion of these, 4,850,000, are subject to vesting terms which are different than those applicable to the remaining options issued by the Company. The non-standard vesting terms provide for a slower rate of vesting during the first two years subsequent to the grant and allow for the options to vest 100% upon the Company’s common share price reaching a specified level. No stock options were exercised during the three and six months ended June 30, 2012. During the three and six months ended June 30, 2011 no stock options were granted or exercised.

(In thousands of Canadian dollars, except per share amounts)

13. Related party transactions and balances:

Transactions with American Capital Ltd.:

Pursuant to the terms of the credit agreement between Tsavo and American Capital entered into in connection with the acquisition of Tsavo in June 2010, a nominee from American Capital was appointed by the Board of Directors of the Company to serve as a director of the Company, which appointment was duly made in accordance with the Ontario Business Corporations Act. In January 2012, the nominee resigned from the Board of Directors.

Prior to the sale of Tsavo on April 24, 2012, the Company made principal and interest payments of $272 (2011 - $2,924) on the term loans to American Capital as administrative and collateral agent for the lenders (note 10). Tsavo paid American Capital $53 (U.S. $53) in loan origination fees to American Capital (2011 - $65 (U.S. $65)).

14. Consolidated statements of cash flows:

	Six months ended June 30, 2012	Six months ended June 30, 2011
Change in non-cash operating working capital:		
Accounts receivable	$ (1,492)	$ 4,374
Other current assets	167	(15)
Accounts payable and accrued liabilities	(1,717)	(2,364)
Deferred revenue	97	8
	$ (2,945)	$ 2,003

15. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus, AOCI and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

16. Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee reviews the Company's risk management policies on an annual basis. The finance department identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Customer Concentration Risk:

Customer concentration risk is the risk of financial loss to the Company due to reliance on one or a small number of customers for significant portions of its total revenues. If a customer that represents a significant portion of revenues reduces its activity or ceases to transact with the Company there could be a material negative impact on the Company's financial stability. For the three months ended June 30, 2012 one customer comprised 19% of the Company's consolidated revenues from continuing operations and one customer comprised 10% of the Company's consolidated revenues from continuing operations for the same period in 2011. For the six months ended June 30, 2012 one customer comprised 14% of the Company's consolidated revenues from continuing operations, for the same period in 2011 no customers comprised more than 10% of consolidated revenues from continuing operations.

CYBERPLEX INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2012

August 8, 2012

Cyberplex Inc.
1255 Bay Street, Suite 400
Toronto, ON M5R 2A9
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012

The following discussion and analysis of the financial condition and results of Cyberplex Inc. (also referred to as "we", "us", "our", "Cyberplex", or the "Company"), prepared as of August 8, 2012 has been reviewed and approved by the Company's Board of Directors, on the recommendation of its Audit Committee, prior to filing and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements (and related notes) as at June 30, 2012 which have been prepared on the basis of International Financial Reporting Standards ("IFRS") for interim financial statements, the 2011 Annual MD&A and with the Company's audited consolidated financial statements (and related notes) as at December 31, 2011 and 2010 and are reported in Canadian dollars. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.cyberplex.com.

Certain statements in this MD&A may constitute forward-looking information, including future-oriented financial information and financial outlooks, within the meaning of applicable securities laws. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, projected revenue, earnings, growth rates, revenue mix, product plans and objectives. In some cases, forward-looking statements can be identified by terms such as "could", "expect", "may", "will", "anticipate", "believe", "intend", "estimate", "plan", "potential", "project" or other expressions concerning matters that are not historical facts. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause the actual results, performance, achievements or developments of Cyberplex to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements, by their nature, are based on certain assumptions regarding expected growth, management's current plans, estimates, projections, beliefs, opinions and business prospects and opportunities (collectively, the "Assumptions"). While the Company considers these Assumptions to be reasonable, based on the information currently available, they may prove to be incorrect.

It is important to note that:

- *There is no assurance that any forward-looking statements will materialize.*
- *The results or events predicted herein may differ from actual results or events.*
- *Unless otherwise indicated, forward-looking statements describe expectations as of August 8, 2012.*
- *Cyberplex disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required to do so under applicable securities laws.*

Many risks, uncertainties and other factors could cause the actual results of Cyberplex to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the following: overall economic conditions, rapid technological changes, *dependence on the internet, concentration of revenues with a small number of customers, demand for our product, the introduction of competing technologies, competitive pressures, network restrictions, fluctuations in foreign currency exchange rates and other similar factors that may cause the actual results, performance or achievements of Cyberplex to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Additional information concerning risks and uncertainties affecting Cyberplex's business and other factors that could cause financial results to fluctuate is set forth below in "Risks and Uncertainties Affecting our Business", as well as elsewhere herein, and is contained in Cyberplex's filings with Canadian securities regulatory authorities, including the Company's most recent Annual Information Form available on SEDAR. Readers are cautioned not to place undue diligence on such statements. We do not intend, and disdain any obligation to update or revise any forward-looking statements at any particular time whether as a result of new information, future events or otherwise unless required to do so under applicable securities laws. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.*

OVERVIEW

Cyberplex is a North American leader in targeted advertising platforms and customer acquisition strategies. The Company, through its subsidiaries leverages technology and marketing expertise to efficiently connect advertisers to their targeted audiences through online, mobile, and social media channels. By focusing on building targeted, loyal audiences, Cyberplex delivers measurable results that improve advertiser return on investment ("ROI").

By combining state-of-the-art display, search, mobile, and performance network platforms, advertisers are offered a range of solutions, providing our clients the flexibility to combine initiatives which may include audience building and engagement, targeted brand awareness campaigns, qualified lead generation, and ecommerce campaigns.

Cyberplex serves up a vast distribution channel to advertisers seeking targeted exposure for their online campaigns. The Cyberplex online advertising system is based on a technology platform that delivers targeted and efficient traffic, and offers state-of-the-art tracking and reporting for every campaign. As online advertising spending continues to grow and greater emphasis is placed on measurable results, the Company's operating model will continue to drive the industry and become even more critical to direct marketers, online retailers and other advertisers focused on online marketing initiatives and customer acquisition strategies. Cyberplex is positioned to grow by meeting the needs of this growing market, with a primary focus on providing solutions that deliver the greatest returns for our advertising client base.

Consolidated Financial and Operating Results

See the sections in this MD&A entitled "Critical Accounting Policies and Estimates" and "Recent Accounting Pronouncements" and also the Notes to the June 30, 2012 unaudited Interim Condensed Consolidated Financial Statements and the December 31, 2011 audited Consolidated Financial Statements for a discussion of critical and new accounting policies and estimates as they relate to the discussion of our operating and financial results below.

The accompanying unaudited Interim Condensed Consolidated Financial Statements of the Company for the three and six months ended June 30, 2012 and 2011 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

Non-IFRS Measures

We measure the success of our strategies and performance based on Adjusted EBITDA, which is outlined and reconciled with net income/(loss) in the section entitled “Reconciliation of Net Loss for the period to Adjusted EBITDA”. The Company defines Adjusted EBITDA as net loss from operations before; (a) depreciation of property and equipment and amortization of intangible assets; (b) share-based compensation, (c) restructuring and acquisition costs, and (d) impairments of goodwill and intangible assets and other items, net. Management uses Adjusted EBITDA as a measure of the Company's operating performance because it provides information related to the Company's ability to provide operating cash flows for acquisitions, capital expenditures and working capital requirements. The Company also believes that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in its industry.

The non-IFRS financial measure is used in addition to and in conjunction with results presented in accordance with the Company’s consolidated financial statements prepared in accordance with IFRS and should not be relied upon to the exclusion of IFRS financial measures. Management strongly encourages investors to review the Company's unaudited interim condensed consolidated financial statements in their entirety and to not rely on any single financial measure. Because non-IFRS financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-IFRS financial measures having the same or similar names. In addition, the Company expects to continue to incur expenses similar to the non-IFRS adjustments described above, and exclusion of these items from the Company's non-IFRS measures should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

Operating Highlights and Significant Developments for the three and six months ended June 30, 2012:

In February 2012, the Company announced that its subsidiary Orion Foundry (Canada) Inc. (“Tsavo”) was engaged in discussions with Yahoo! to address concerns regarding the quality of traffic provided to the Yahoo! advertising base, and Tsavo’s reliance on Yahoo!’s traffic quality reporting system. Notwithstanding prior information that indicated good quality traffic, Tsavo was informed that it would be required to pay to Yahoo! approximately $4.6 million over a reasonable time period due to poor traffic quality. The Company recorded the entire $4.6 million charge in the fourth quarter of 2011 as the chargeback related to traffic from the final six months of fiscal 2011. In conjunction with the announcement, the Company’s President Ted Hastings resigned.

In February 2012, Tsavo implemented cost-saving measures to better align its cost structure with its strategic focus and a Special Committee of the Board of Directors of Cyberplex was appointed to review the status of Tsavo and the strategic alternatives available to create shareholder value out of Tsavo.

On April 24, 2012, the Company sold 100% of the shares of Tsavo in a transaction valued at approximately $33 million. See the "Sale of Tsavo Media" section for details surrounding the transaction.

The financial results of Tsavo, which comprised the entire operations of the Company's On-Line Publishing business segment, have been presented as a discontinued operation in the Company's Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2012 and 2011. See the "Discontinued Operations" section for a discussion of the results and disposal information.

Revenue for the three months ended June 30, 2012 was $3.9 million as compared to $2.8 million for the three months ended June 30, 2011. Revenue increased 20% for the six months ended June 30, 2012 to $7.4 million from $6.2 million for the six months ended June 30, 2011. The increase came from significant marketing campaigns utilizing our network in the Performance Based Marketing segment as well as increased business activity in our Interactive Services division. The Adjusted EBITDA loss for the three months ended June 30, 2012 was $0.7 million compared to $0.8 million in the prior year. For the six months ended June 30, 2012 the Adjusted EBITDA loss was $1.5 million as compared to $1.9 million for the six months ended June 30, 2011. The year over year decrease in Adjusted EBITDA loss is due to an increase in revenues in the Company's Performance Based Marketing and Interactive Services segments.

Net loss from continuing operations for the three months ended June 30, 2012 was $1.1 million compared to a loss of $0.8 million for the quarter ended June 30, 2011. Net loss from continuing operations for the six months ended June 30, 2012 was $2.3 million compared to a loss of $2.4 million for the same period in 2011. The Company recorded a gain of $6.3 million on the sale of its Tsavo division in April 2012. Cash flow used in operations was $4.1 million for the six months ended June 30, 2012, as compared to cash flow generation from operations of $2.3 million for the same period in 2011. See "Liquidity and Capital Resources" section for further information on sources and uses of cash in the first six months of 2012.

In conjunction with the sale of Tsavo, the Company announced that it had filed notice of intention to commence a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange. Under the bid, the board of directors authorized the purchase of up to 11,913,232 of its common shares, representing approximately 10% of the "public float" of common shares. The NCIB commenced on May 14, 2012 and expires after one year. As of August 8, 2012 the Company has repurchased 165,422 of its common shares under the NCIB.

Sale of Tsavo Media

In January 2012, the Board of Directors of the Company established a Special Committee to review the status of the Company's subsidiary Tsavo and strategic alternatives for that division. This followed significant operational and financial set-backs at Tsavo as well as ongoing volatility in the subsidiary's performance which began in late 2010 when the integration of the Yahoo!-Bing ad marketplace.

These events resulted in a lengthy and ongoing dispute with Tsavo's principal lender, American Capital, and likely non-compliance with financial covenants under the terms of Tsavo's credit facility with American Capital. As a result of these issues, Tsavo's operations and financial performance had been materially impacted with low likelihood of recovery without significant investments.

As part of the strategic review, the Special Committee identified a strategic purchaser for the Tsavo division and made the recommendation that the Company pursue a sale of Tsavo (the "Transaction"). The Board of Directors of the Company, upon reviewing the report of the Special Committee and the alternatives for realizing shareholder value from the Tsavo division, concluded that it was in the best interests of the Company and its shareholders that the Company be directed to go through with the Transaction. The purchaser in the transaction was a company in which Ted Hastings, former President of the Company, has a financial interest.

On April 24, 2012, the Company sold Tsavo as part of a series of transactions valued at approximately $33 million. Under the terms of the Transaction, the $33 million consideration is to be satisfied as to:

i) $7.2 million in cash;

ii) $0.1 million in defined payments within one year of the closing of the sale;

iii) the assumption by the purchaser of the debt obligations of Tsavo and CX Ontario Holdings Inc. under the senior secured credit facility with American Capital Ltd. in the amount of $24.3 million;

iv) the assumption by the purchaser of a further debt obligation of a subsidiary of the Company in the principal amount of $0.5 million plus accrued interest;

v) the transfer from Tsavo of certain internet domain properties valued at approximately $0.2 million; and

vi) the transfer of 6,314,545 common shares of the Company held by former management of Tsavo, representing approximately 5% of the Company's issued and outstanding common shares, back to the Company for cancellation.

CONTINUING OPERATIONS

Results for the Three Months Ended June 30, 2012 Compared to the Three Months Ended June 30, 2011

For the three months ended June 30, 2012, PBMS and Interactive Services represented 79% and 21% of our consolidated revenues respectively (2011 – 70% and 30%). On the basis of consolidated Adjusted EBITDA, the Company generated a consolidated Adjusted EBITDA loss that was $0.1 million less than the same period in 2011. During the second quarter of 2012, the Company experienced higher publishing and advertising costs as well as operating expenses compared to the same period in 2011, which is primarily a result of the increase in revenue compared to the prior year.

Summarized Consolidated Financial Results
Three months ended June 30,

(In thousands of Canadian dollars, except per share amounts)		2012		2011	% Chg
Revenues					
Performance Based Marketing Solutions	$	**3,091**	$	1,951	58
Interactive Services		**799**		846	(6)
Total Revenues		**3,890**		2,797	39
Adjusted EBITDA(1)					
Performance Based Marketing Solutions		**(3)**		(422)	(99)
Interactive Services		**(306)**		(155)	97
Corporate		**(390)**		(245)	59
Total Adjusted EBITDA(1)		**(699)**		(822)	(15)
Share-based compensation		**2**		(28)	(108)
Depreciation of property and equipment		**(66)**		(97)	(32)
Amortization of intangible assets		**(278)**		(499)	(44)
Loss from operations		**(1,041)**		(1,446)	(28)
Finance income		**27**		567	(95)
Finance cost		**(214)**		(8)	2,575
Income tax recovery		**106**		130	(18)
Loss for the period from continuing operations		**(1,122)**		(757)	48
Discontinued operation					
Results of discontinued operation (2)		**(25)**		(1,274)	(98)
Gain on sale of Tsavo		**6,349**		-	n/m
Income (loss) for the period from discontinued operations		**6,324**		(1,274)	(597)
Net income/(loss) for the period	$	**5,202**	$	(2,031)	(356)
Basic earnings per share	$	**0.04**	$	(0.02)	
Diluted earnings per share	$	**0.04**	$	(0.02)	
Basic earnings per share from continuing operations	$	**(0.01)**	$	(0.01)	
Diluted earnings per share from continuing operations	$	**(0.01)**	$	(0.01)	

(1) As defined. See the section entitled "Non-IFRS Measures".
(2) 2012 results are for the period April 1st, 2012 to April 23rd, 2012.

As described in the section "Discontinued Operations" the results of Tsavo Media, which comprised the entire results of the On-Line Publishing segment were disposed of on April 24, 2012 and the results for the periods prior to sale have been reclassified to results from discontinued operations for the three and six months ended June 30, 2012 and 2011. See the "Discontinued Operations" section for details surrounding the results of Tsavo for the three and six months ended June 30, 2012 and 2011.

SEGMENT REVIEW FOR THE THREE MONTHS ENDED JUNE 30, 2012 AND 2011

The Company's business is organized into three segments; Performance Based Marketing Solutions, Interactive Services and Corporate.

Performance Based Marketing Solutions ("PBMS")

PBMS leverages its proprietary publisher network, technology solutions specialists and online marketing expertise to assist advertisers and other customers by designing, developing and promoting online programs and campaigns. The performance-based web advertising model that is offered by PBMS is focused on a core value proposition, which is that advertisers only pay for results. Advertisers define the desired consumer "actions", which may include qualified leads, registrations, downloads, inquiries or actual sales, and advertisers only pay for those defined actions. PBMS' virtual network of performance-based advertising brings together advertisers seeking distribution for their campaigns with thousands of publishers who wish to monetize their web properties and a variety of distribution channels that ensures the most targeted and efficient traffic and state-of-the-art tracking and reporting for every campaign.

PBMS helps Customer's define campaign objectives, consumer targeting profiles, budgets, campaign scheduling, and performance metrics. PBMS will find the most suitable traffic from our 3rd party affiliate network, along with other media sources including search engines, social media and mobile applications. We will determine traffic potential and conversion metrics to ensure that we can effectively deliver new customers at a price and volume that makes sense to Customers. Our client services team takes over to monitor and optimize the campaign, while our optimization engine will build on high performing placements and drop placements that do not perform as well.

Our EQ Advertising Group Ltd. ("EQADS") platform contains algorithms which interact with ad exchanges to purchase individual advertising impressions based upon an individual's previous internet browsing history in order to place advertising banners which are targeted to the individual thereby providing advertisers with the best possible return for their advertising spend. EQADS acquires internet advertising space from publishers at auction prices and then resells the space to advertisers directly or through media agencies at a mark-up. EQADS features a brand-safe display network of Comscore 500 premium video, mobile and web properties; deep audience targeting including 150+ behavioral profiles, re-targeting options, and our proprietary content classification engine; and fully automated media optimization.

PBMS invests in partnerships and technologies that help target and re-target consumers that match a Customer's ideal criteria. Whether a Customer chooses to target through content matching (keyword match), through matching search queries, or through behavioral segments, PBMS will ensure that a Customer's message is delivered to the right person, in the right context, and at the right time. PBMS's goal is to provide the very best real time bidding online advertising solution for agencies and direct advertisers.

As online advertising spending continues to grow and greater attention is paid to measurable results, performance based models are becoming more important to direct marketers, online retailers and other advertisers focusing on customer acquisition strategies. Cyberplex is well positioned to meet the needs of this growing market, as it continues to focus on solutions that provide the greatest return for its advertising client base. PBMS helps Customers get the most out of their online acquisition programs. Whether the goal is to drive more clicks, sales, or high-value impressions, we will fill the order with the most targeted customers, at prices and volumes that make the most sense to your business. PBMS structures campaigns using a model that meets the Customers objectives including CPM (cost per impression), CPC (cost per click) and CPA (cost per acquisition).

Summarized Performance Based Marketing Solutions ("PBMS") Financial Results

Three months ended June 30,

(In thousands of Canadian dollars)		2012		2011	% Chg
Revenues	**$**	**3,091**	$	1,951	58
Expenses:					
Publishing and advertising costs		**2,235**		1,376	62
Employee compensation and benefits		**547**		677	(19)
Other operating expenses		**312**		320	(3)
		3,094		2,373	30
Adjusted EBITDA [(1)]		**(3)**		(422)	(99)
Share-based compensation		**-**		19	n/m
Depreciation of property and equipment		**46**		85	(46)
Amortization of intangible assets		**264**		486	(46)
Loss from operations	**$**	**(313)**	$	(1,012)	(69)

(1) As defined. See the section entitled "Non-IFRS Measures".

Performance Based Marketing Solutions Operating and Financial Results

Revenues

PBMS recognizes revenues based on the number of actions performed in the period for both cost per action or lead generation campaigns. Revenue for the quarter ended June 30, 2012 totaling $3.1 million increased by $1.1 million or 58% compared to the $2 million generated for the same period in 2011. The increase was due to an increase in revenues generated by EQADS compared to 2011.

Publishing and advertising costs

Publishing and advertising costs for PBMS consists primarily of payments to publishers, paid search traffic costs and other direct costs associated with the generation of revenue. The Company utilizes its publisher network to connect advertisers with potential customers and pays the publishers on a performance basis. Publishing and advertising costs for the quarter ended June 30, 2012 increased by 62% to $2.2 million compared to the same period in 2011. The increase in the cost of revenue was a result of the 58% increase in revenues.

Employee compensation and benefits

Employee compensation consists of salary and benefit costs, personnel costs, commissions and variable compensation, payroll taxes and employee health and related benefit expenses. Employee compensation for the quarter ended June 30, 2012 was $0.5 million, a decrease of 19% as compared to $0.7 million for the same period in 2011. The decline in employee compensation reflects a reduction in headcount and sales commission costs compared to 2011.

Other Operating expenses

Other operating expenses consist primarily of office and administration expenses including rent, utilities, insurance costs and office consumables, as well as sales, marketing and travel related expenses, contractor and consulting expenses, communication, equipment rental, and professional services related expenses. Other expenses for the quarter ended June 30, 2012 remained relatively unchanged from the first quarter of 2011 at $0.3 million.

Adjusted EBITDA

PBMS generated an adjusted EBITDA loss of $3,000 for the quarter ended June 30, 2012, as compared to a loss of $0.4 million in 2011. The reduction in adjusted EBITDA loss in the first quarter of 2012 compared to 2011 is a result of increased revenues and associated gross profits for the second quarter of 2012 and a reduction in employee compensation costs.

Depreciation of property and equipment

Depreciation of property and equipment decreased marginally from the $0.1 million for the second quarter of 2011.

Amortization of intangible assets

Amortization of intangible assets was $0.3 million for the three months ended June 30, 2012 compared to $0.5 million during the same period in 2011. The reduction in the quarterly expense in 2012 is a result of the reduction in the carrying value of the intangible assets due to an impairment charge recorded in the fourth quarter of 2011 and a reclassification of amounts previously recorded as intangible assets to goodwill.

Interactive Services

Interactive Services is a fully integrated digital marketing agency that works with clients to define, create, and deliver ROI focused digital strategies. Interactive Services has helped organizations transform business models and capitalize on growth opportunities using digital channels since 1994. Interactive Services uses its deep marketing and technology expertise to drive performance, which is central to Interactive Service’s value proposition. Delivering performance solutions means delivering strong ROI.

Interactive Services provides agency services, online strategy and consulting, media planning and optimization and campaign creation and execution to advertisers seeking to deploy the most effective online strategies and advertising campaigns with a focus on return on advertising spend in the most timely and cost efficient manner.

In order to optimize the performance of a web site, portal, or mobile application, the solution needs to be designed properly to provide a rich, value-added experience for the intended audience. The CX Interactive approach uses proven methodologies and teams of experts to ensure audiences are engaged and ready to transact. These strategies help clients drive innovation, automation, strategic insights and adoption to get the most out of their digital investments. This approach has been created by delivering over 1,000 technology based projects since 1994 and include the following.

- Technology and Digital Strategy & Assessment
- Competitive Media Analysis
- Web Content Management and Customer Relationship Management
- User Experience Design, Usability testing, Landing page and Content Conversion and Optimization
- Content, Web Design & Development
- Search Engine Marketing – Paid Search and SEO (Search Engine Optimization)
- Online Media Buying & Planning
- Social Media Marketing & Social Commerce
- Mobile Marketing & mCommerce

Summarized Interactive Services Financial Results
Three months ended June 30,

(In thousands of Canadian dollars)		**2012**		2011	% Chg
Revenues	**$**	**799**	$	846	(6)
Expenses:					
Publishing and advertising costs		**122**		133	(9)
Employee compensation and benefits		**641**		564	13
Other operating expenses		**342**		304	13
		1,105		1,001	10
Adjusted EBITDA [(1)]		**(306)**		(155)	97
Share-based compensation		**-**		2	n/m
Depreciation of property and equipment		**-**		6	n/m
Loss from operations	**$**	**(306)**	$	(163)	88

(1) As defined. See the section entitled "Non-IFRS Measures".

Interactive Services Operating and Financial Results

Revenues

Interactive Services recognizes revenue for services rendered either on a time and materials basis or a percentage of completion basis for larger contracts. Revenue for the quarter ended June 30, 2012 was $0.8 million, relatively unchanged from the same period in 2011.

Publishing and advertising costs

Publishing and advertising costs consists primarily of media buy from search providers. Publishing and advertising costs for the second quarter of 2012 remained consistent with that of the second quarter of 2011.

Employee compensation and benefits

Employee compensation consists of salary and benefit costs, personnel costs, commissions and variable compensation, payroll taxes and employee health and related benefit expenses. Employee compensation for the second quarter of 2012 was $0.6 million, an increase of 13% as compared to the second quarter of 2011. The increase in employee compensation reflects an increase in core delivery team headcount.

Other Operating expenses

Other operating expenses consist primarily of contractor expenses, office and administration expenses including rent, utilities, insurance costs and office consumables, as well as sales, marketing and travel related expenses and consulting expenses, communication, equipment rental, and professional services related expenses. Other expenses for the quarter ended June 30, 2012 remained consistent at $0.3 million.

Adjusted EBITDA

Interactive Services had an adjusted EBITDA loss of $0.3 for the quarter ended June 30, 2012 as compared to an adjusted EBITDA loss of $0.2 million during the same period in 2011. The increase in the adjusted EBITDA loss in the second quarter of 2012 compared to the second quarter of 2011 reflects increases in employee compensation costs and other operating expenses in addition to a 6% decline in revenues compared to the same period in 2011.

Corporate

Corporate includes overhead costs that are not specifically attributable to the operations of our Online Publishing, PBMS and Interactive Services operating segments. Costs include a portion of executive, finance and administration salaries and benefits, corporate development costs and legal fees, audit, certain tax fees, board of director's fees and public company related fees and expenses.

Summarized Corporate Financial Results
Three months ended June 30,

(In thousands of Canadian dollars)		**2012**		2011	% Chg
Expenses:					
Employee compensation and benefits	**$**	**115**	$	121	(5)
Other operating expenses		**275**		124	122
		390		245	59
Adjusted EBITDA [(1)]		**(390)**		(245)	59
Share-based compensation expense		**(2)**		7	(133)
Depreciation of property and equipment		**20**		6	259
Amortization of intangible assets		**14**		13	4
Loss from operations	**$**	**(422)**	$	(271)	56

(1) As defined. See the section entitled "Non-IFRS Measures".

Corporate Operating and Financial Results

Employee compensation and benefits

Employee compensation consists of salary and benefit costs, personnel costs, variable compensation, payroll taxes and employee health and related benefit expenses. Employee compensation for the three months ended June 30, 2012 was $0.1 million which was consistent with the cost during the same period of 2011.

Other Operating expenses

Other operating expenses consist primarily of public company and board of director fees, audit, tax, legal, corporate, marketing and consulting expenses. Other expenses for the three months ended June 30, 2012 were $0.3 million compared to $0.1 million for the same period in 2011. The increase was largely driven by an increase in legal and consulting fees compared to 2011.

Adjusted EBITDA

Corporate generated an adjusted EBITDA loss of $0.4 million for the three months ended June 30, 2012 compared to $0.2 million for the same period in 2011.

Results for the Six Months Ended June 30, 2012 Compared to the Six Months Ended June 30, 2011

For the six months ended June 30, 2012, PBMS and Interactive Services represented 75% and 25% of our consolidated revenues, respectively (2011 – 73% and 27%). On the basis of consolidated Adjusted EBITDA, the Company generated a loss of $1.6 million in the six months ended June 30, 2012 compared to a loss of $1.9 million for the same period in 2011. The year over year reduction in the loss was a result of increases in revenues in the PBMS and Interactive Service segments compared to 2011.

Summarized Consolidated Financial Results
Six months ended June 30,

(In thousands of Canadian dollars, except per share amounts)	**2012**	2011	% Chg
Revenues			
Performance Based Marketing Solutions	**$ 5,600**	$ 4,544	23
Interactive Services	**1,822**	1,650	10
Total Revenues	**7,422**	6,194	20
Adjusted EBITDA[(1)]			
Performance Based Marketing Solutions	**(334)**	(930)	(64)
Interactive Services	**(389)**	(386)	1
Corporate	**(801)**	(538)	49
Total Adjusted EBITDA[(1)]	**(1,524)**	(1,854)	(18)
Share-based compensation	**15**	(97)	(116)
Depreciation of property and equipment	**(151)**	(190)	(20)
Amortization of intangible assets	**(554)**	(1,001)	(45)
Restructuring Costs	-	(50)	n/m
Loss from operations	**(2,214)**	(3,192)	(31)
Finance income	**27**	571	(95)
Finance cost	**(246)**	(74)	232
Income tax recovery	**161**	260	(38)
Loss for the period from continuing operations	**(2,272)**	(2,435)	(7)
Discontinued operation			
Results of discontinued operation [(2)]	**(2,273)**	(3,190)	(29)
Gain on sale of Tsavo	**6,349**	-	n/m
Income (loss) for the period from discontinued operations	**4,076**	(3,190)	(228)
Net income/(loss) for the period	**$ 1,804**	$ (5,625)	(132)
Basic earnings per share	**$ 0.01**	$ (0.04)	
Diluted earnings per share	**$ 0.01**	$ (0.04)	
Basic earnings per share from continuing operations	**$ (0.02)**	$ (0.02)	
Diluted earnings per share from continuing operations	**$ (0.02)**	$ (0.02)	

(1) As defined. See the section entitled "Non-IFRS Measures".
(2) 2012 results are for the period January 1st, 2012 to April 23rd, 2012.

SEGMENT REVIEW SIX MONTHS ENDED JUNE 30, 2012 AND 2011

Performance Based Marketing Solutions ("PBMS")

Summarized Performance Based Marketing Solutions ("PBMS") Financial Results
Six months ended June 30,

(In thousands of Canadian dollars)		2012		2011	% Chg
Revenues	**$**	**5,600**	$	4,544	23
Expenses:					
Publishing and advertising costs		**4,102**		3,302	24
Employee compensation and benefits		**1,197**		1,557	(23)
Other operating expenses		**635**		615	3
		5,934		5,474	8
Adjusted EBITDA (1)		**(334)**		(930)	(64)
Share-based compensation		**-**		69	n/m
Depreciation of property and equipment		**113**		172	(34)
Amortization of intangible assets		**527**		974	(46)
Restructuring costs		**-**		50	n/m
Loss from operations	**$**	**(974)**	$	(2,195)	(56)

(1) As defined. See the section entitled "Non-IFRS Measures".

Performance Based Marketing Solutions Operating and Financial Results

Revenues

Revenue for the six months ended June 30, 2012 totaling $5.6 million increased by $1.1 million or 23% compared to the $4.5 million generated for the same period in 2011. The increase was a result of increased revenues at the EQADS and Bootcamp Media divisions.

Publishing and advertising costs

Publishing and advertising costs for the six months ended June 30, 2012 increased by 24% to $4.1 million compared to the same period in 2011. The increase in the cost of revenue resulted from higher payments to publishers which are directly correlated to the 23% increase in revenues.

Employee compensation and benefits

Employee compensation for the six months ended June 30, 2012 was $1.2 million, a decrease of 23% as compared to $1.6 million for the same period in 2011. The decline in employee compensation reflects the impact of headcount reductions in 2011.

Other Operating expenses

Other expenses for the six months ended June 30, 2012 remained consistent with the first six months of 2011 at $0.6 million.

Adjusted EBITDA

PBMS generated an adjusted EBITDA loss of $0.3 million for the six months ended June 30, 2012, as compared to an adjusted EBITDA loss of $0.9 million in 2011. The reduction in adjusted EBITDA loss in the first six months of 2012 compared to 2011 is a result of increased revenues and decreased employee compensation costs as a result of a lower headcount.

Depreciation of property and equipment

Depreciation of property and equipment decreased by $60,000 to $0.1 million for the first six months of 2012 compared to the same period in 2011.

Amortization of intangible assets

Amortization of intangible assets was $0.5 million for the six months ended June 30, 2012 compared to $1 million during the same period in 2011. The reduction in the expense in 2012 is a result of the reduction in the carrying value of the intangible assets due to an impairment charge and a reclassification of amounts previously recorded as intangible assets to goodwill, recorded in the fourth quarter of 2011.

Interactive Services

Summarized Interactive Services Financial Results
Six months ended June 30,

(In thousands of Canadian dollars)	**2012**	2011	% Chg
Revenues	**$ 1,822**	$ 1,650	10
Expenses:			
Publishing and advertising costs	**235**	232	1
Employee compensation and benefits	**1,341**	1,184	13
Other operating expenses	**635**	620	2
	2,211	2,035	9
Adjusted EBITDA [1]	**(389)**	(386)	1
Share-based compensation	**-**	7	n/m
Depreciation of property and equipment	**-**	12	n/m
Loss from operations	**$ (389)**	$ (405)	(4)

(1) As defined. See the section entitled "Non-IFRS Measures".

Interactive Services Operating and Financial Results

Revenues

Revenue for the six months ended June 30, 2012 was $1.8 million, an increase of 10% from $1.6 million generated for the same period in 2011. In 2011, Interactive Services invested in developing its sales and client service capabilities which resulted in revenue growth in the first six months of 2012 as compared to the same period in 2011.

Publishing and advertising costs

Publishing and advertising costs for the first six months of 2012 remained consistent with that of the first six months of 2011.

Employee compensation and benefits

Employee compensation for the first six months of 2012 was $1.3 million, an increase of 13% as compared to $1.2 million in the first six months of 2011. The increase in employee compensation reflects an increase in core delivery team headcount and an increase in commissions and variable compensation due to the increase in revenues year over year.

Other Operating expenses

Other expenses for the six months ended June 30, 2012 remained consistent with the same period in 2011 at $0.6 million.

Adjusted EBITDA

Interactive Services had an adjusted EBITDA loss of $0.4 million for the six months ended June 30, 2012 which was consistent with the loss recorded during the same period of 2011.

Corporate

Summarized Corporate Financial Results
Six months ended June 30,

(In thousands of Canadian dollars)		**2012**		2011	% Chg
Expenses:					
Employee compensation and benefits	**$**	**236**	$	264	(11)
Other operating expenses		**565**		274	106
		801		538	49
Adjusted EBITDA [1]		**(801)**		(538)	49
Share-based compensation expense		**(15)**		21	(172)
Depreciation of property and equipment		**38**		6	584
Amortization of intangible assets		**27**		27	1
Loss from operations	**$**	**(851)**	$	(592)	44

(1) As defined. See the section entitled “Non-IFRS Measures”.

Corporate Operating and Financial Results

Employee compensation and benefits

Employee compensation for the six months ended June 30, 2012 was $0.2 million, a decrease of 11% as compared to the same period in 2011. The decline in employee compensation reflects an increase in corporate headcount allocations in the first six months of 2012 as compared to the first six months of 2011.

Other Operating expenses

Other expenses for the six months ended June 30, 2012 were $0.6 million compared to $0.3 million for the same period in 2011. The increase was largely driven by an increase in legal and consulting fees compared to 2011.

Adjusted EBITDA

Corporate generated an adjusted EBITDA loss of $0.8 million for the six months ended June 30, 2012 compared to $0.5 million for the same period in 2011, as a result of an increase in legal and consulting fees paid by the Company.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA FOR THE FIRST THREE AND SIX MONTHS OF 2012 AND 2011FOR CONTINUING OPERATIONS

The items listed below represent the consolidated income and expense amounts that are required to reconcile net income (loss) for the period as defined under IFRS to the non-IFRS measure of Adjusted EBITDA for the period.

Reconciliation of Net Income/(Loss) for the period to Adjusted EBITDA

	Three months ended June 30,			Six months ended June 30,		
(In thousands of Canadian dollars)	**2012**	2011	% Chg	**2012**	2011	% Chg
Net income/(loss) for the period	**$ 5,202**	$ (2,031)	(356)	**$ 1,804**	$ (5,625)	(132)
Income/(loss) for the period from discontinuing operations	**(6,324)**	1,274	(597)	**(4,076)**	3,190	(228)
Loss for the period from continuing operations	**(1,122)**	(757)	48	**(2,272)**	(2,435)	(7)
Income tax recovery	**(106)**	(130)	(18)	**(161)**	(260)	(38)
Income (loss) before taxes	**(1,228)**	(887)	39	**(2,433)**	(2,695)	(10)
Finance cost (income):						
Interest income on cash and cash equivalents						
and restricted cash	**(17)**	(1)	1,094	**(17)**	(5)	274
Gain on sale of available-for-sale investment	**-**	(566)	n/m	**-**	(566)	n/m
Gain on sale of capital assets	**(10)**	-	n/m	**(10)**	-	n/m
Foreign exchange loss	**199**	5	3,911	**193**	71	170
Other interest expense	**15**	3	416	**53**	3	1,460
Loss from operations	**(1,041)**	(1,446)	(28)	**(2,214)**	(3,192)	(31)
Share-based compensation	**(2)**	28	(108)	**(15)**	97	(116)
Depreciation of property and equipment	**66**	97	(32)	**151**	190	(20)
Amortization of intangible assets	**278**	499	(44)	**554**	1,001	(45)
Restructuring costs	**-**	-	-	**-**	50	n/m
Adjusted EBITDA(1)	**$ (699)**	$ (822)	(15)	**$ (1,524)**	$ (1,854)	(18)

(1) As defined. See the section entitled "Non-IFRS Measures".

Net income for the period

Net income for the second quarter of 2012 was $5.2 million compared to a loss of $2.0 million for the same period in 2011. Net income for the first six months of 2012 was $1.8 million compared to a loss of $5.6 million in 2011. Excluding the gain on the sale of Tsavo of $6.3 million, the loss would have been $1.1 million for the three months ended June 30, 2012 and a loss of $2.3 million for the six months ended June 30, 2012. Other items that affected the results were a decrease in amortization expense related to intangible assets and a foreign exchange loss.

Income Taxes

During the three and six months ended June 30, 2012, the Company recorded a current income tax recovery of $52,000. This recovery relates to tax credits receivable based on a reassessment of a past tax filing. The Company did not book a provision or recovery for current taxes during the three and six months ended June 30, 2011.

The Company also recorded a deferred income tax recovery of $54,000 in the three months ended June 30, 2012 consistent with the amount recorded in 2011. For the six months ended June 30, 2012 the company recorded a current income tax recovery of $0.1 million and a deferred income tax recovery of $0.1 million compared to $0.3 million for the same period in 2011. The 2012 and 2011 deferred tax recovery relates to the amortization of the intangible assets that were recorded on the acquisition of EQADS.

Finance Cost and Finance Income

In the second quarter of 2012, interest income totaled $17,000 compared to $1,000 in 2011. In the first six months of 2012, interest income was $17,000 compared to $5,000 for the same period in 2011.

Interest expense for the three months ended June 30, 2012 was $15,000 compared to $3,000 during the same period in 2011. For the six months ended June 30, 2012 interest expense was $53,000 compared to $3,000 during the same period in 2011.

Foreign exchange gains and losses consist of the realized and unrealized exchange differences due to fluctuations between the Canadian and the U.S. dollar exchange rates. The Company recorded a net foreign exchange loss of $0.2 million in the three months ended June 30, 2012 compared to a foreign exchange loss of $5,000 in 2011. For the first six months of 2012 there was a net foreign exchange loss of $0.2 million compared to a net foreign exchange loss of $0.1 million in 2011. The majority of the gain in the three and six months ended June 30, 2012 was related to the impact of the sale of Tsavo. The value of the Canadian dollar remained consistent relative to the U.S. dollar during the first six months of 2012 valued at 0.9813 (1 US dollar = 1.019 CDN) Canadian dollars at June 30, 2012 from 0.9833 Canadian dollars at December 31, 2011 (1 US dollar = 1.0169 CDN). The value of the U.S. dollar relative to the Canadian dollar was 1.037 (1 US dollar = 0.9643 CDN) at June 30, 2011.

LIQUIDITY AND CAPITAL RESOURCES

The following table shows key liquidity metrics for the periods indicated:

As at June 30, (In thousands of Canadian dollars)	2012	2011
Cash and cash equivalents	**$ 6,196**	$ 7,238
Restricted cash and short-term investments	-	3,355

Six months ended June 30, (In thousands of Canadian dollars)	2012	2011
Net cash from (used in) operating activities	**$ (4,079)**	$ 2,272
Net cash from (used in) financing activities	**(412)**	(2,799)
Net cash from (used in) investing activities	**6,603**	2,397

Net cash from (used in) Operating Activities

Cash flow from operating activities resulted in a use of cash of $4.1 million in the first six months of 2012, compared to a source of cash of $2.3 million for the same period in 2011. Net income for the first six months of 2012 was $1.8 million compared to net loss of $5.6 million in the same period in 2011. The change in non-cash operating assets and liabilities resulted in a use of cash of $2.9 million in 2012 compared to a source of cash of $2 million for the same period last year.

The use of cash of $3 million from non-cash operating assets was attributable to an increase in accounts receivable of $1.5 million which was a result of an increase in revenues year to date. There was also a decrease in other current assets of $0.2 million, which is mainly the result of the receivables booked for the Company’s Ontario digital media tax credit application for the first six months 2012. This was offset by a decrease in accounts payable of $1.7 million related to trade payables and an increase in deferred revenue related to customer deposits of $0.1 million.

The change in non-cash operating assets and liabilities in 2011 was attributable to a reduction in accounts receivable of $4.4 million due to cash collections and allowances for doubtful accounts, an increase in prepaid and other assets of $15,000, offset by a decrease in accounts payable and accrued liabilities of $2.4 million.

The foreign exchange gain on cash and cash equivalents was $34,000 in the first six months of 2012 compared to a gain of $0.2 million in the same period in 2011. Non-cash depreciation of property and equipment and amortization of intangible assets was $0.4 million and $2.7 million respectively in 2012 compared to $0.7 million and $4.4 million in 2011. Non-cash share-based compensation was a recovery of $15,000 in the first six months of 2012 compared to an expense of $0.2 million in same period in 2011. The deferred income tax liability decreased by $0.1 million in 2012 compared to a decrease of $0.3 million in the same period in 2011. There was an addition to operating cash flow for net non-cash finance costs in the first six months of 2012 of $0.2 million. During the same period in 2011 there was an addition to operating cash flow of $1.2 million. The year over year variance is mainly a result of the decrease in interest accrued on the term loans due to the sale of Tsavo as discussed.

Net cash from (used in) Financing Activities

Financing activities for the first six months of 2012 resulted in a use of cash of $0.4 million which was comprised of a payment of $0.1 million related to the Company's promissory notes as part of the sale of Tsavo. The Company also made interest payments on the term loans with American Capital of $0.3 million during the period prior to the sale of Tsavo, made payments on the finance lease of $30,000 and utilized $10,000 to repurchase and cancel 165,442 common shares under the May 14, 2012 NCIB. During the same period in 2011, financing activities resulted in a use of cash of $2.8 million, comprised of interest and principal payments to American Capital on the term loans of $3.0 million offset by proceeds from a finance lease of $0.2 million.

Net cash from (used in) Investing Activities

Investing activities for the Company are impacted by acquisitions of property, equipment and intangible assets and the purchase or sale of various short-term investments. In the first six months of 2012, investing activities generated cash of $6.6 million compared to $2.4 million during the same period in 2011. In 2012, the Company sold its available-for-sale investment for proceeds of $0.3 million, reduced its restricted cash by $0.2 million, generated interest income of $17,000 and realized proceeds on the sale of Tsavo of $6.3 million. These inflows were offset by investments in property and equipment of $0.2 million. In 2011 the Company utilized $0.3 million for purchases of property, equipment and intangible assets and paid $0.1 million to complete the acquisition of EQADS. This was offset by the reduction of restricted cash and sale of short-term securities of $2.8 million and the receipt of interest income of $24,000. Investment activities expose the Company to various business risks with respect to acquisitions and market risks with short-term securities, which can include foreign exchange rate risk and interest rate risk.

Management does not expect that net income, liquidity and cash flows will be materially affected by the risks associated with the financial instruments we are currently invested in.

See also the liquidity risk discussion later in this MD&A for a discussion of the credit facilities.

The following is a contractual maturity analysis of the Company's financial liabilities at June 30, 2012, not including those of the Tsavo subsidiary, due to the sale of Tsavo in April 2012:

(In thousands of Canadian dollars)	Total	2012	2013	2014	after 2014
Term Loans	$ 25	$ 25	$ -	$ -	$ -
Accounts payable and accrued liabilites	2,996	2,996			
Operating leases net of subleases	528	150	282	96	-
Finance lease	155	40	81	34	
	$ 3,704	$ 3,211	$ 363	$ 130	$ -

Summary of Seasonality and Quarterly Results

Online advertising, online commerce and internet usage are seasonally strongest in the fourth quarter and generally slower during the summer months and as a result, operating results will fluctuate quarter by quarter. In addition, our revenue and operating results may fluctuate quarter to quarter depending on sales cycles, network performance and customer demand. Costs are incurred more evenly throughout the year. In addition to the seasonal trends, revenue and operating profit can fluctuate from general economic conditions As a result, one quarter's revenue and operating results may not necessarily be indicative of a subsequent quarter's revenue and operating results. For these reasons, performance is not comparable quarter to consecutive quarter and is best considered on the basis of results for the whole year or by comparison of results in a quarter with results in the same quarter for the previous year. Quarterly results and statistics for the previous eight quarters are outlined below. The results of Tsavo have been removed from the current and comparative quarterly results.

(In thousands of Canadian dollars, except per share amounts)	**2012** Q2	**2012** Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3
Revenues								
Performance Based Marketing Solutions	**$ 3,091**	**$ 2,509**	$ 2,749	$ 2,147	$ 1,951	$ 2,593	$ 6,665	$ 8,991
Interactive Services	**799**	**1,023**	1,287	976	846	804	611	1,098
Total Revenues	**3,890**	**3,532**	4,036	3,123	2,797	3,397	7,276	10,089
Adjusted EBITDA								
Performance Based Marketing Solutions	**(3)**	**(331)**	19	(260)	(422)	(508)	(6,057)	(486)
Interactive Services	**(306)**	**(83)**	(172)	(43)	(155)	(231)	(608)	12
Corporate	**(390)**	**(411)**	(334)	(291)	(245)	(293)	(174)	(482)
Total Adjusted EBITDA	**(699)**	**(825)**	(487)	(594)	(822)	(1,032)	(6,839)	(956)
Share-based compensation	**2**	**13**	(24)	(21)	(28)	(69)	11	(131)
Acquisition & restructuring costs	**-**	**-**	(200)	-	-	(50)	68	-
Other charges	**-**	**-**	-	-	-	-	(2,711)	-
Depreciation of property and equipment	**(66)**	**(85)**	(64)	(105)	(97)	(93)	(140)	(322)
Amortization of intangible assets	**(278)**	**(276)**	341	(491)	(499)	(502)	(101)	(222)
Impairment of goodwill and intangible assets	**-**	**-**	(4,854)	-	-	-	(18,082)	-
Income (loss) from operations	**(1,041)**	**(1,173)**	(5,288)	(1,211)	(1,446)	(1,746)	(27,794)	(1,631)
Finance income (costs), net	**(187)**	**(32)**	3,280	484	559	(62)	298	437
Income tax recovery	**106**	**55**	68	130	130	130	3,843	803
Income (loss) for continuing operations	**(1,122)**	**(1,150)**	(1,940)	(597)	(757)	(1,678)	(23,653)	(391)
Discontinued operations								
Results of discontinued operations	**(25)**	**(2,248)**	(2,618)	1,643	(1,274)	(1,916)	(35,045)	310
Gain on sale of Tsavo	**6,349**	**-**	-	-	-	-	-	-
Income (loss) for discontinued operations	**6,324**	**(2,248)**	(2,618)	1,643	(1,274)	(1,916)	(35,045)	310
Net income (loss) for the period	**$ 5,202**	**$ (3,398)**	$ (4,558)	$ 1,046	$ (2,031)	$ (3,594)	$ (58,698)	$ (81)
Basic earnings per share	**$ 0.04**	**$ (0.03)**	$ (0.03)	$ 0.01	$ (0.02)	$ (0.03)	$ (0.44)	$ -
Diluted earnings per share	**$ 0.04**	**$ (0.03)**	$ (0.03)	$ 0.01	$ (0.02)	$ (0.03)	$ (0.44)	$ -
Basic earnings per share from continuing operations	**$ (0.01)**	**$ (0.01)**	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.18)	$ -
Diluted earnings per share from continuing operations	**$ (0.01)**	**$ (0.01)**	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.18)	$ -

Selected Financial Information

The following table sets out consolidated financial information for Cyberplex for the periods indicated. Each investor should read the following information in conjunction with those financial statements and related notes. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information for 2012 and 2011 has been derived from the audited consolidated financial statements.

(In thousands of Canadian dollars, except per share amounts)	Three months ended June 30, **2012**	Three months ended June 30, 2011	Six months ended June 30, **2012**	Six months ended June 30, 2011
Revenues	**$ 3,890**	$ 2,797	**$ 7,422**	$ 6,194
Income (loss) for the period from continuing operations	**(1,122)**	(757)	**(2,272)**	(2,435)
Income (loss) for the period	**5,202**	(2,031)	**1,804**	(5,625)
Basic loss per share from continuing operations	**(0.01)**	(0.01)	**(0.02)**	(0.02)
Diluted loss per share from continuing operations	**(0.01)**	(0.01)	**(0.02)**	(0.02)
Basic income (loss) per share	**0.04**	(0.02)	**0.01**	(0.04)
Diluted income (loss) per share	**0.04**	(0.02)	**0.01**	(0.04)
Total assets	**13,840**	54,826	**13,840**	54,826
Total current liabilities	**3,698**	40,779	**3,698**	40,779
Total non-current liabilities	**600**	5,207	**600**	5,207

Management of capital

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. Cyberplex defines capital that it manages as the aggregate of its shareholders' equity, which is comprised of issued capital, contributed surplus, accumulated other comprehensive income (loss) and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, issue debt, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements as at June 30, 2012.

OUTSTANDING SHARE DATA

The following information on Cyberplex's share capital and options outstanding is updated to August 8, 2012:

	Outstanding	**Authorized**
Common Shares	127,359,909	unlimited
Stock Options	9,095,434	12,752,535

During the second quarter of 2012, the Company cancelled 6,314,545 common shares and 1,225,000 stock options in conjunction with the disposal of Tsavo and the departure of certain management. The Company also issued 6,050,000 stock options during the second quarter of 2012 of which 4,850,000 options are subject to vesting conditions which are non-standard compared to the Company's stock option plan. The non-standard vesting conditions provide for a slower rate of vesting during the first two years subsequent to the grant and allow for the options to vest 100% upon the Company achieving a specified common share price target.

On May 11, 2012 the Company announced that the Toronto Stock Exchange ("TSX") had accepted the Company's filing for a NCIB, commencing on May 14, 2012 and expiring on May 13, 2013. Under the NCIB, the Company may purchase up to 11,913,232 of its common shares, representing approximately 10% of the "public float" of common shares. Daily purchases will be limited to 40,721 common shares, other than block purchase exemptions. Purchases will be made on the open market by the Company through the facilities of the TSX in accordance with TSX requirements. The prices that the Company will pay for any purchased common shares will be the market price of such shares on the TSX at the time of acquisition. As of August 8, 2012 the Company had purchased 165,442 of its common shares under the NCIB.

RELATED PARTY TRANSACTIONS

Transactions with American Capital

Pursuant to the terms of the credit agreement between Tsavo and American Capital Financial Services, Inc. entered into in connection with the acquisition of Tsavo in June 2010, a nominee from American Capital Financial Services, Inc. was appointed by the Board of Directors of the Company to serve as a director of the Company, which appointment was duly made in accordance with the Ontario Business Corporations Act. In January 2012, this director resigned from the Board of Directors in conjunction with the announcement that a special committee had been formed to examine strategic alternatives for Tsavo.

Prior to the Company selling Tsavo, Tsavo paid American Capital Ltd. $53,000 (U.S. $53,000) in loan origination fees and $0.3 million of interest on its term loans.

RESULTS FROM DISCONTINUED OPERATION:

The Company has reclassified the results of Tsavo to discontinued operations for financial reporting purposes, isolating the Tsavo operating results for the three and six months ended June 30, 2012 and 2011 from the continuing operations of Cyberplex. The results of Tsavo for the period ended April 23, 2012 are as follows:

Summarized Tsavo Media Financial Results

(In thousands of Canadian dollars)	Three months ended June 30, 2012 [(2)]	2011	% Chg	Six months ended June 30, 2012 [(3)]	2011	% Chg
Revenues	**$ 3,561**	$ 11,626	(69)	**$ 16,355**	$ 22,832	(28)
Expenses:						
Publishing and advertising costs	**2,457**	6,911	(64)	**11,970**	13,802	(13)
Employee compensation and benefits	**289**	2,095	(86)	**1,990**	4,209	(53)
Other operating expenses	**365**	986	(63)	**1,478**	2,005	(26)
	3,111	9,992	(69)	**15,438**	20,016	(23)
Adjusted EBITDA [(1)]	**450**	1,634	(72)	**917**	2,816	(67)
Share-based compensation	**-**	71	n/m	**17**	149	(89)
Depreciation of property and equipment	**51**	240	(79)	**267**	528	(50)
Amortization of intangible assets	**440**	1,674	(74)	**2,173**	3,382	(36)
Restructuring costs	**-**	-	-	**221**	213	4
Loss from operations	**$ (41)**	$ (351)	(88)	**$ (1,761)**	$ (1,456)	21
Finance income	**11**	3	267	**39**	20	95
Finance cost	**(134)**	(926)	(86)	**(690)**	(1,754)	(61)
Income tax recovery	**139**	-	n/m	**139**	-	n/m
Net income/(loss) for the period	**$ (25)**	$ (1,274)	(98)	**$ (2,273)**	$ (3,190)	(29)
Basic earnings per share	**$ 0.00**	$ (0.01)		**$ (0.02)**	$ (0.02)	
Diluted earnings per share	**$ 0.00**	$ (0.01)		**$ (0.02)**	$ (0.02)	

(1) As defined. See the section entitled "Non-IFRS Measures".
(2) Results are for the period April 1st, 2012 to April 23rd, 2012.
(3) Results are for the period January 1st, 2012 to April 23rd, 2012.

Cash flows from (used in) Tsavo operations		
Six months ended June 30,		
(In thousands of Canadian dollars)	**2012**	2011
Net cash from (used in) operating activities	**$ (2,809)**	$ 4,471
Net cash from (used in) financing activities	**42**	798
Net cash from (used in) investing activities	**(234)**	(3,216)
Net cash from (used in) Tsavo operation	**$ (3,001)**	$ 2,053

The effect of the Tsavo disposal on the financial position of the Company is highlighted below:

Cash and cash equivalents	$ 927
Accounts receivable	8,406
Prepaid expenses	504
Other current assets	5,801
Restricted cash	2,156
Capital assets	1,435
Intangible assets	15,534
Accounts payable & accrued liabilities	(10,339)
Income taxes payable	(171)
Current portion of deferred rent	(8)
Current portion of term loans	(6,757)
Long term portion of term loans	(17,581)
Long term portion of deferred rent	(57)
Net liabilities disposed of	$ (150)

The sale of Tsavo resulted in a gain for the company of $6.3 million. The calculation of the gain is as follows:

Consideration received	$ 8,324
Net liabilities of Tsavo disposed of	150
Promissory notes transferred to purchaser	200
Share purchase loans transferred	(1,185)
Intercompany loans to Tsavo forgiven	(1,053)
Transaction costs	(87)
Gain on disposal	$ 6,349

The results for the three and six months ended June 30, 2012 reflect Tsavo's results through April 23, 2012. As a result they are not comparable to the prior year. The operating results for the period from April 1 to 23 were fairly consistent with the overall Adjusted EBITDA operating results Tsavo generated in the first quarter of 2012.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Included in our 2011 annual consolidated financial statements, as well as in our 2011 annual MD&A, we have identified the accounting policies and estimates that are critical to the understanding of our business operations and our results of operations. On January 1, 2010, with the adoption of IFRS, we have updated the critical accounting policies and estimates. See our December 31, 2011 audited consolidated financial statements for a description of our adoption of IFRS and a detailed discussion regarding our significant accounting policies and the application of critical accounting estimates and judgments.

Recent Accounting Pronouncements

The Company is analyzing the following recent accounting pronouncements to determine their effect on its condensed and consolidated financial statements. The full description of each of these recent pronouncements is available in the Company's December 31, 2011 consolidated financial statements on Sedar.

- *IFRS 9, Financial Instruments ("IFRS 9")*
- *IFRS 10, Consolidated Financial Statements ("IFRS 10")*
- *IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")*
- *IFRS 13, Fair Value Measurement ("IFRS 13")*
- *IAS 1, Presentation of Financial Statements ("IAS 1")*
- *IAS 27, Separate Financial Statements ("IAS 27")*

RISKS AND UNCERTANTIES AFFECTING OUR BUSINESS

Although management has a confident outlook for Cyberplex and continually improves and adapts the Company's risk mitigation strategies, operating in the technology industry inherently involves a certain level of risk and uncertainty. The Company continues to expand and refine management controls, reporting systems, cost controls, and overall policies and procedures in order to minimize the impact of potential risks and uncertainties. Our significant risks and uncertainties are discussed in our 2011 Annual MD&A which was current as of June 30, 2012 and should be reviewed in conjunction with this document.

FINANCIAL RISK MANAGEMENT

Overview

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. The finance department identifies and evaluates the financial risks and is charged with the responsibility of establishing controls and procedures to ensure the financial risks are mitigated in accordance with the approved policies.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable, short-term investments and cash and cash equivalents. The Company invests its excess cash in short-term investments with the objective of maintaining safety of planned capital expenditures and with the secondary objective of maximizing the overall yield of its portfolio. The company's cash is not subject to external restrictions. Investments must be rated at least investment grade by recognized rating agencies. Given these high credit ratings, the Company does not expect any counterparties to these investments to fail to meet their obligations.

The Company's credit risk is primarily attributable to its trade receivables. The Company reviews the collectability of its accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of potentially uncollectible accounts. The amounts disclosed in the balance sheet are net of allowances for bad debts, which are established based on the specific credit risk associated with the customer and other relevant information. As at June 30, 2012, two customers accounted for approximately 20% of gross accounts receivable balance of $3.3 million. As at June 30, 2012, approximately $0.3 million or 42% of accounts receivable balances over 90 days were not provided for. Approximately 34% of these receivable balances were collected subsequent to June 30, 2012.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for capital expenditures and working capital needs. The Company uses its operating cash flows, operating facilities and cash balances to maintain liquidity.

The Company has a revolving credit facility under a credit agreement with a Canadian chartered bank to be used for general operating requirements.

The Company has experienced continued losses during the first six months of 2012. As a result, the Company breached the covenants associated with its revolving demand facility with a Canadian chartered bank on June 30, 2012. At the time there were no amounts outstanding on its revolving facility with the bank. The Company is seeking waivers from its lender relating to the violations. To date, no such agreements have been reached, and there can be no assurance that such agreements will be reached.

Customer Concentration Risk

Customer concentration risk is the risk of financial loss to the Company due to reliance on one or a small number of customers for significant portions of its total revenues. If a customer that represents a significant portion of revenues reduces its activity or ceases to transact with the Company there could be a material negative impact on the Company’s financial stability. For the three months ended June 30, 2012 one customer comprised 19% of the Company’s consolidated revenues from continuing operations and one customer comprised 10% of the Company’s consolidated revenues from continuing operations for the same period in 2011. For the six months ended June 30, 2012 one customer comprised 14% of the Company’s consolidated revenues from continuing operations, for the same period in 2011 no customers comprised more than 10% of consolidated revenues from continuing operations.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company’s income or value of its financial instruments.

Interest rate risk

The Company does not have any debt that is impacted by fluctuations in interest rates as at June 30, 2012. Interest rate risk is insignificant on the Company's short-term investments due to the short term maturity of the investments held.

Currency risk

The Company operates internationally with the U.S. dollar as its functional currency and is exposed to foreign exchange risk from purchase transactions, as well as recognized financial assets and liabilities denominated in Canadian dollars. In addition the Company is exposed to exchange gains or losses on translation from its U.S. dollar functional currency to its Canadian dollar presentation currency. Exchange gains or losses on translation to the presentation currency are recorded under shareholders' equity in the item "Accumulated Other Comprehensive Loss". The Company's main objective in managing its foreign exchange risk is to maintain Canadian cash on hand to support Canadian forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash and cash equivalents held. The Company also utilizes derivative financial instruments to hedge against fluctuations in the Canadian / U.S. dollar exchange rate. During the six months ended June 30, 2012 and 2011, the Company maintained a portion of its cash resources in both U.S. and Canadian dollar cash and cash equivalents. The Company does not have any foreign currency derivative instruments outstanding as at June 30, 2012.

Fluctuations in the U.S. dollar exchange rate could have a potentially significant impact on the Company's results from operations.

OUTLOOK

The core focus of our business is to assist companies with strategy and execution for their digital audience. We work with our customers to best position them to take advantage of this constantly growing and evolving digital marketplace and continue to build systems and capabilities that target audiences and acquire customers in the most effective way. By enhancing our capabilities with some of the best third party publishers in the industry we are able to delivering performance based marketing campaigns through multiple channels. The Company continues to make significant investments in technology and in its depth of operations as quality and customer satisfaction continue to be a main focus for all divisions of the organization.

Cyberplex presents a unique value proposition in the market, largely due to our emphasis on performance models and our multi-channel capabilities. The ability to define an audience segment, reach that audience through online, mobile and social media channels, and deliver the exact results that our advertisers are seeking is unparalleled in the Canadian marketplace, and stands out among digital media organizations in North America. Further, few media organizations are able to deploy brand engagement and customer acquisition campaigns through an integrated and seamless offering with a single point of accountability, Cyberplex does this, through a model that ensures advertisers are provided quality results for their media spend. It is this foundation that we have built upon, and continue to build upon, as we invest in technology, solutions and people to even better service our clients in the future.

The Company remains focused on building a leading digital marketing organization by maintaining an optimal level of control over distribution. It is the combination of advertising reach, targeting capabilities and optimization systems that will continue to benefit advertisers as consumer behavior evolves and new technologies emerge. The Company currently excels in all of these areas and will continue to make investments and grow its capabilities in a way that conforms strictly to this unique value proposition. As always, the Company will continue to develop programs with a specific focus on performance, that demonstrate the Company's commitment to quality and results and that position Cyberplex extremely well as we move forward.

With the sale of Tsavo Media, Cyberplex will be better positioned to focus on organic growth and continued innovation, which remains the cornerstone of our business strategy. While strategic initiatives including acquisitions will be key to the Company's future, in the near term the Company will focus on growing our existing business units and related capabilities. All initiatives, whether organic or external, will necessarily involve a diligent focus on ensuring maximum benefit to the Company and the creation of shareholder value.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 respecting certification of disclosure in issuers' interim filings, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused it to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that (i) information required to be disclosed by the Company in its quarterly filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information regarding the Company is accumulated and communicated to the Company's management, including its CEO and CFO in a timely manner.

In addition, the CEO and CFO have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The control framework the CEO and the CFO used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The CEO and the CFO have evaluated whether or not there were changes to its ICFR during the six months ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

ADDITIONAL INFORMATION

Additional information, including the quarterly and annual consolidated financial statements, annual information form, management proxy circular and other disclosure documents may be examined by accessing the SEDAR website at www.sedar.com.