SOLIUM CAPITAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2010

This Management's Discussion and Analysis ("MD&A") dated as of August 15, 2010 for Solium Capital Inc. ("Solium" or the "Company") should be read in conjunction with the unaudited Consolidated Financial Statements and the accompanying notes for the quarter ended June 30, 2010, the audited Consolidated Financial Statements and the accompanying notes for the year ended December 31, 2009, and the MD&A included in the Company's 2009 Annual Report. The Financial Statements and comparative information have been prepared in accordance with Canadian generally accepted accounting principles. Additional information relating to the Company is available on SEDAR at www.sedar.com under Solium Capital Inc.

All dollar amounts discussed in the MD&A are in Canadian dollars unless otherwise specified.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this MD&A include but are not limited to expectations regarding future revenues, earnings, capital expenditures, and operating and other costs; business strategy and objectives; market trends; acquisition and disposition plans; the sufficiency of cash and working capital for future operations; and the timing and the completion of various development projects.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, the Company's transition to new products and releases; the number of customer transactions; the length of the sales cycles; the competitive environment; the ability to maintain or accurately forecast revenue from the Company's products or services; the ability of the Company to identify, hire, train, motivate and retain qualified personnel; currency fluctuations; the ability of the Company to develop, introduce and implement new products as well as enhancements or improvements for existing products that respond, in a timely fashion, to customer/product requirements and rapid technological change; risks associated with operations; the impact of any changes in the laws and regulations in the jurisdictions in which the Company operates; and the effect of new accounting pronouncements or guidance.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements or information because the Company can give no assurance that such expectations will prove to be correct. The forward-looking statements and information are based on Solium's current expectations, estimates and projections, and are subject to a number of significant risks and uncertainties that could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, among others, general business and economic conditions; the overall performance of stock market(s); actions of competitors and partners; the regulatory environment; the corporate governance environment and regulatory reporting requirements for Solium's clients; product capability and acceptance; the Company's ability to

generate sufficient cash flow from operations to meet its current and future obligations; and the Company's ability to access external sources of financing if required. A more detailed assessment of the risks that could cause actual results to materially differ from current expectations is contained in the Risk Assessment section of this MD&A. The foregoing is not exhaustive and other risks are detailed from time to time in other continuous disclosure filings of the Company. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements or information prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. These forward-looking statements and future-oriented financial information contained herein are made as of the date of this MD&A. The Company uses future-oriented financial information for budgeting and planning purposes and the information may not be appropriate for other purposes.

PROPOSED TRANSACTION

On August 15, 2010, the Company signed an agreement to acquire the North American employee stock option and Transcentive businesses of Computershare Ltd. ("Computershare"). This business consists of the record keeping and administration of employee stock option programs for corporate clients and their employees.

Solium will be acquiring substantially all of Computershare's property, assets and client contracts associated with this business, and will also enter into a transition services agreement under which Computershare will provide certain services and intellectual property for up to five years. At the end of this period, Solium will own all of the intellectual property associated with Computershare's product offerings in this business.

The consideration for the acquisition of the business is U.S.$11,662,500, payable by the issuance of 7,775,000 common shares of Solium at a price of $1.50 per share, and additional potential cash consideration of U.S.$3 million contingent on the revenue generated by Solium from the acquired business in the third year after the acquisition. Under the transition services agreement, Solium will pay Computershare U.S.$22 million over five years.

Based on the financial records of Computershare for the 12 month period ended June 30, 2010, the business generated annual revenues of approximately U.S.$20 million and operating income of approximately U.S.$2 million.

The transaction is expected to close in the fourth quarter of 2010. The completion of the transaction is subject to customary closing conditions, including obtaining the approval of the Toronto Stock Exchange and required regulatory approval.

OVERALL PERFORMANCE

The first six months of 2010 was characterized by a moderate recovery of participant share trading and associated transaction activity as the share prices of many clients gained strength over the prior year. Along with the increase in transaction volumes, transaction based revenues increased during the quarter. The increase in participant share trading activity was the largest contributor to the increase in revenue and earnings for the second quarter and six months ended June 30, 2010 as compared to the same periods from 2009.

Results during the second quarter and the six months ended June 30, 2010 were as follows:

- Revenue grew by 16% to $5.6 million in the second quarter of 2010 (2009 - $4.8 million), and by 19% to $11.5 million in the six months ended June 30, 2010 (2009 - $9.7 million).

- Expenses grew by 14% to $4.9 million in the second quarter of 2010 (2009 - $4.2 million), and by 14% to $9.5 million in the six months ended June 30, 2010 (2009 - $8.3 million).

- EBITDA increased by 22% to $881,637 in the second quarter of 2010 (2009 - $723,477), and increased by 26% to $2.3 million in the six months ended June 30, 2010 (2009 - $1.8 million).

- Net earnings increased by 46% to $356,060 in the second quarter of 2010 (2009 - $244,067), and increased by 54% to $1.2 million in the six months ended June 30, 2010 (2009 - $791,645).

- Earnings per share increased by 38% to $0.011 in the second quarter of 2010 (2009 - $0.008), and by 56% to $0.039 in the six months ended June 30, 2010 (2009 - $0.025).

Results by geographic segment during the second quarter and the six months ended June 30, 2010 were as follows:

- Canadian revenue grew by 22% to $4.2 million in the second quarter of 2010 (2009 - $3.4 million), and by 22% to $8.5 million in the six months ended June 30, 2010 (2009 - $6.9 million).

- U.S. revenue grew by 2% to $1.3 million in the second quarter of 2010 (2009 - $1.3 million), and by 10% to $3.0 million in the six months ended June 30, 2010 (2009 - $2.7 million).

- Net earnings in Canada increased by 93% to $883,276 in the second quarter of 2010 (2009 - $457,373), and by 47% to $1.7 million in the six months ended June 30, 2010 (2009 - $1.1 million).

- The net loss in the U.S. increased by 147% to $527,666 in the second quarter of 2010 (2009 - $213,306), and by 32% to $466,887 in the six months ended June 30, 2010 (2009 - $353,544).

RESULTS FROM OPERATIONS

Revenue

Revenue in the second quarter of 2010 was $5,589,877 (2009 - $4,801,386), and $11,464,412 in the six months ended June 30, 2010 (2009 - $9,674,170). This represents an increase of $788,491 over the results from the second quarter of 2009 and $1,790,242 over the results from the six months ended June 30, 2009.

Revenue from Canadian operations was $4,241,638 in the second quarter of 2010 (2009 - $3,475,752) and $8,471,218 in the six months ended June 30, 2010 (2009 - $6,945,206), while revenue from US operations was $1,348,239 in the second quarter of 2010 (2009 - $1,325,634) and $2,993,194 in the six month period ended June 30, 2010 (2009 - $2,728,964).

Revenue in the second quarter and first half of 2010 increased over the comparable periods in 2009 mainly due to an increase in participant share trading and related transactions activity. Share trading activity in Canada relative to the number of direct sales participants in the second quarter of 2010 was 79% of the annual average for the previous 5 years (2009 – 54%), and in the six months ended June 30, 2010 was 82% of the annual average for the previous 5 years (2009 – 48%).

The Company continues to experience organic growth with the addition of clients net of client attrition. Client attrition, due to client reorganizations and bankruptcies, has decreased significantly compared to the attrition experienced during the first six months of 2009.

Expenses

Total expenses in the second quarter of 2010 were $4,851,287 (2009 - $4,261,360) and $9,460,784 in the six month period ended June 30, 2010 (2009 - $8,280,494).

Expenses incurred in the U.S. operations were $1,888,942 in the second quarter of 2010 (2009 - $1,565,142) and $3,486,198 in the six month period ended June 30, 2010 (2009 - $3,134,912).

Salaries and Wages

Salaries and wages expense was $3,420,195 in the second quarter of 2010 (2009 - $2,812,817) and $6,828,766 for the six months ended June 30, 2010 (2009 - $5,714,741). The increase to salaries and wages was primarily due to an increase in the number of employees.

General and Administrative

General and administrative expenses totaled $1,348,587 in the second quarter of 2010 (2009 - $1,125,531) and $2,355,016 for the six months ended June 30, 2010 (2009 - $2,113,347). The increase in general and administrative expense is mainly due to increased third party charges relating to the Company's money movement and foreign currency system, and to costs associated with the Company's planned relocation of its U.S. head office to Phoenix, Arizona.

Amortization

Amortization expense was $141,548 in the second quarter of 2010 (2009 - $169,097) and $274,095 in the six month period ended June 30, 2010 (2009 - $384,085). The decrease between the comparable periods is due to reaching the end of the useful lives of certain assets for accounting purposes.

Interest on Long-term Debt

The Company obtained a $3,000,000 term loan in 2007 in connection with the acquisition of Solium LLC. The final principal payment of $97,223 was made following the second quarter on July 19, 2010. $1,499 of interest expense was incurred on this term loan during the second quarter of 2010 (2009 - $14,354) and $6,852 during the six month period ended June 30, 2010 (2009 - $34,001). The average rate of interest for the six months ended June 30, 2010 was 3.30% per annum (2009 – 3.69%).

Foreign Exchange Gain

A foreign exchange gain of $60,542 was recorded during the second quarter of 2010 (2009 – loss $139,561) and a gain of $3,945 for the six months ended June 30, 2010 (2009 – loss $34,320). The foreign exchange gain during the second quarter of 2010 reflects the strengthening of the

U.S. dollar against the Canadian dollar during the period. The majority of the foreign exchange gain that the Company experienced was unrealized as it largely resulted from the U.S. dollar denominated net monetary assets being translated to Canadian dollars for presentation in the Company's consolidated balance sheet as at June 30, 2010.

Income Taxes

$382,530 of income tax expense was recorded in the second quarter of 2010 (2009 - $295,959) and $783,896 for the six months ended June 30, 2010 (2009 - $602,031).

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash and Working Capital

Cash on hand as at June 30, 2010 was $4,479,121 (December 31, 2009 - $5,871,245). Working capital as at June 30, 2010 was $5,568,514 (December 31, 2009 - $4,461,132).

Cash Flows

Overall, the Company's cash position increased by $695,801 during the second quarter of 2010 (2009 – increased by $1,000,045) and decreased by $1,392,124 during the six months ended June 30, 2010 (2009 – increased by $1,263,460).

Cash generated from operations was $661,529 during the quarter ended June 30, 2010 (2009 - $577,133) and $1,818,273 during the six months ended June 30, 2010 (2009 - $1,365,240). Working capital generated from operating activities totaled $742,356 in the quarter ended June 30, 2010 (2009 - $718,567) and negative $2,165,216 in the six months ended June 30, 2010 (2009 – positive $311,819). 2009 performance bonuses for staff and the balance of 2009 income taxes, previously accrued for items, were paid in the first quarter of 2010 contributing to a usage of cash in the six-month period ended June 30, 2010.

Cash used in financing activities was $273,651 in the second quarter of 2010 (2009 – $270,129) and $578,082 for the six months ended June 30, 2010 (2009 – $353,548), mainly as a result of the repayment of debt of $291,669 during the second quarter and $583,338 during the six months ended June 30, 2010.

Cash used in investing activities was $405,201 in the second quarter of 2010 (2009 - $78,286) and $459,501 for the six months ended June 30, 2010 (2009 - $106,998) as a result of the purchase of capital assets.

Liquidity

The Company believes it will generate enough cash and working capital from operations to fund ongoing operations and growth strategies.

Contractual Obligations

	Payments Due by Fiscal Period			
	Total	2010	2011	2012
Operating leases	456,614	146,021	226,031	84,562
Long-term debt obligations[1]	97,195	97,195	-	-
Total Contractual Obligations	553,809	243,216	226,031	84,562

Notes:
1. The final payment of long-term debt of $97,195 is due on July 19, 2010.

Capital Expenditures

Capital expenditures of $221,495 in the second quarter of 2010 (2009 - $87,295) and $512,177 in the six month period ended June 30, 2010 (2009 - $138,050) were comprised of computer hardware, computer software, and office furniture.

It is expected that ongoing capital expenditures will be financed from funds generated by operating activities.

Capital Resources

The Company has a demand operating credit facility of $1,500,000 available through a Canadian bank. To date, no amounts have been drawn on this credit facility. The Company is currently in compliance with the financial covenants associated with this credit facility. Current economic conditions have not caused a change in the company's objectives, policies or procedures for managing capital.

Share Capital

During the period June 21, 2009 to June 21, 2010, the Company repurchased its shares in the open market under a Normal Course Issuer Bid ("NCIB") program. Approval was received from the Toronto Stock Exchange to purchase, for cancellation, up to 502,000 common shares representing 1.6% of the issued and outstanding common shares at the time of approval. Any purchases undertaken were made through the Toronto Stock Exchange at the market price of such shares at the time of acquisition. 61,300 common shares were purchased during the six months ended June 30, 2010 at a cost of $73,494. A cumulative total of 179,700 common shares were purchased under the NCIB at a total cost of $213,924.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the quarterly results for the eight most recently completed quarters.

	2010		2009				2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**$5,589,877**	$5,874,535	$5,061,457	$4,955,850	$4,801,386	$4,872,785	$4,371,511	$4,162,775
Expenses	**$4,851,287**	$4,609,497	$4,283,572	$4,052,400	$4,261,360	$4,019,134	$3,917,753	$3,972,313
EBITDA[1]	**$881,637**	$1,402,940	$ 893,228	$1,078,928	$723,477	$1,088,287	$ 672,877	$434,839
Earnings from operations	**$679,547**	$1,326,988	$814,892	$1,043,428	$693,941	$768,056	$296,533	$155,467
Earnings before taxes	**$738,590**	$1,265,038	$ 777,885	$903,450	$540,026	$ 853,651	$ 453,758	$190,462
Net earnings	**$356,060**	$ 863,672	$ 387,058	$544,271	$244,067	$547,578	$ 358,173	$47,595
Per share								
– basic	**$0.011**	$0.028	$0.012	$0.018	$0.008	$0.018	$0.012	$0.002
– diluted	**$0.011**	$0.028	$0.012	$0.018	$0.008	$0.017	$0.012	$0.002

Notes:

1. Earnings before interest, taxes, depreciation and amortization ("EBITDA") is a non-GAAP financial measure which does not have any standardized meaning prescribed by Canadian GAAP (generally accepted accounting principles) and is therefore unlikely to be comparable to similar measures presented by other issuers. EBITDA provides useful information to users as it reflects the net earnings prior to the effect of non-operating expenses such as interest, tax, depreciation and amortization. Management uses EBITDA in measuring the financial performance of the Company as this measure reflects results that are controllable by management in day-to-day operations. Management monitors EBITDA against budget and past results on a regular basis. The measure is a key component in determining the annual bonus pool for staff and management.

   The following is a reconciliation of EBITDA to net earnings:

	2010		2009				2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
EBITDA	**881,637**	1,402,940	893,228	1,078,928	723,477	1,088,287	672,877	434,839
Interest expense	**(1,499)**	(5,354)	(8,324)	(11,339)	(14,354)	(19,648)	(29,938)	(36,462)
Amortization	**(141,548)**	(132,548)	(107,019)	(164,139)	(169,097)	(214,988)	(189,181)	(207,915)
Income tax expense	**(382,530)**	(401,366)	(390,827)	(359,179)	(295,959)	(306,073)	(95,585)	(142,867)
Net earnings	**356,060**	863,672	387,058	544,271	244,067	547,578	358,173	47,595

Factors Affecting Quarterly Results

Seasonality

Fees collected from clients in the form of annual access fees are recurring in nature and are not affected by seasonal factors. However, transaction fees collected from participants upon the exercising of stock based incentive plans or upon the withdrawal of assets from share purchase plans have displayed a seasonal trend. The Company typically experiences increased transaction revenue during the first quarter of the year in line with the seasonal nature of participant transaction activity.

Market Volatility

Transaction administration fees collected from participants upon the exercising of stock based incentive plans or upon the withdrawal of assets from share purchase plans are variable in nature. The magnitude of transaction administration fees earned in a period is dependent upon such factors as the overall condition of the stock market, the trading price of the shares of a

client, the specific vesting terms within a client's plan and other rules stipulated within a client's plan.

Capital market conditions were depressed during the last half of 2008 and did not fully recover relative to strike prices in 2009. During the first six months of 2010, the share prices of Solium's clients showed some recovery relative to the strike prices of their stock compensation awards.

Brokerage Access and Administration Fees, and Money Movement and Foreign Currency Spread Revenue

The Company has agreements in place with its brokerage partners in Canada and the U.S. (the "Brokers") whereby the Brokers pay to Solium administration fees related to their access to Shareworks. The brokerage access and administration fees from the Brokers vary in line with transactional trade activity.

Throughout 2009, the Company implemented a new solution for delivering transaction proceeds to plan participants. This solution transitioned the provision of money movement and foreign exchange services away from the Company's brokerage partners. Roll out of the money movement solution was largely completed in the U.S. by the end of 2008. Canadian clients started transitioning to the new solution beginning in the first quarter of 2009, and were largely completed by the end of 2009.

TRANSACTIONS WITH RELATED PARTIES

Up until the Company's Annual General Meeting ("AGM") held on May 18, 2010, certain legal services were provided by a firm in which a Director of the Company is a partner. Following the AGM, the Director had rotated off the Board of Directors and as such was no longer considered a related party. Up to the date of the AGM, the Company utilized legal services for general corporate matters totaling $24,389 in the second quarter of 2010 (2009 - $44,074) and $75,386 in the six months ended June 30, 2010 (2009 - $79,980).

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are detailed in Note 2 of the December 31, 2009 audited consolidated financial statements and are also described in the MD&A of the Company for the year ended December 31, 2009.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

No changes in accounting policies occurred during the six months ended June 30, 2010.

FUTURE ACCOUNTING PRONOUNCEMENTS

Financial Instruments – Recognition and Measurement

In June, 2009, the Accounting Standards Board of Canada ("AcSB") released *Embedded Derivatives on Reclassification of Financial Assets,* for amendments to Section 3855, *Financial Instruments – Recognition and Measurement.* The amendment indicates that contracts with

embedded derivatives cannot be reclassified out of the held for trading category if the embedded derivative cannot be fair valued. This standard will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Business combinations

In January 2009, CICA Handbook Section 1582 – *Business Combinations* was issued replacing the former Section 1581 – *Business Combinations*. This section establishes standards for the accounting for a business combination under the acquisition method. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 – *Business Combinations*. This new section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. The Company will adopt the new standards for any acquisitions occurring in the fiscal year beginning January 1, 2011.

Consolidated financial statements

In January 2009, CICA Handbook Section 1601 – *Consolidated Financial Statements* was issued which, together with new Section 1602 – *Non-controlling Interests*, replaces the former Section 1600 – *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 – *Consolidated and Separate Financial Statements*. Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company does not anticipate that these sections will have a material impact on its consolidated financial statements.

Convergence of Canadian GAAP with International Financial Reporting Standards

The CICA's Accounting Standards Board announced in 2008 that Canadian publicly accountable enterprises are required to adopt International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2011 with appropriate comparative IFRS financial information for 2010.

The Company has identified the following four phases of its conversion plan to IFRS: diagnostic, detailed assessment, solution development, and implementation.

The diagnostic phase has been completed and involved the preliminary identification of the major accounting differences between Canadian GAAP and IFRS that is expected to affect Solium. The detailed assessment phase is currently in progress and involves a more thorough review of the accounting differences identified in the diagnostic phase to quantify the financial statement impact of the differences, evaluate the transitional options available under IFRS at the adoption date, and determine the most appropriate long-term accounting policies when there is a choice available. In addition, internal process, systems and financial reporting control changes required to affect dual reporting in 2010 and full convergence in 2011 are also being reviewed. System changes that require development or purchase will occur in the solution development phase and will progress concurrently with the detailed assessment phase.

Based on work to-date, significant accounting differences which will likely result in adjustments upon adoption of IFRS are as follows:

- ***Business Combinations***: Under IFRS 3, *Business Combinations* ("IFRS 3") business combinations must be accounted for by applying the acquisition method. Shares issued as consideration for a business combination transaction must be measured based on the

fair value at the acquisition date. Acquisition-related costs such as finders' fees and legal fees must be expensed at the acquisition date. The acquisition date is defined as the date on which the acquirer obtains control over the acquired entity or business. Under IFRS 1, *First-time Adoption of IFRS* ("IFRS 1"), an entity has the option to retroactively apply IFRS 3 to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after a chosen date. The Company currently expects to apply the elective exemption for acquisitions that occurred prior to January 1, 2010.

- ***Foreign Currency Translation***: Under IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"), an entity's functional currency is the currency of the primary economic environment in which it operates. Upon transition to IFRS, it is expected that the functional currency for the Company's U.S. operations will be USD and that translation to CAD on consolidation will occur using the current method whereby all assets and liabilities are translated at the closing rate at the end of the reporting period. Under Canadian GAAP, the Company currently classifies its foreign operations as integrated foreign operations and uses the temporal method of translation whereby monetary items on the balance sheet are translated at the prevailing exchange rate at the end of the reporting period and non-monetary items are translated at the exchange rates prevailing at the transaction dates. Under IFRS 1, an entity has the option to deem the cumulative translation gains or losses at the date of transition to IFRS to be zero. The Company currently expects to apply the elective exemption upon adoption to IFRS.

- ***Share-Based Compensation***: Canadian GAAP allows entities the option of recognizing equity instruments that vest in instalments ("graded vesting") as separate arrangements or as a single pool with a fair value based on the average life of the instruments. Under IFRS 2, *Share-Based Payments* ("IFRS 2"), each instalment must be accounted for as a separate arrangement with its own distinct fair value measurement. Compensation cost for each vesting tranche is recognized over its own distinct vesting period. Under IFRS 1, an entity has the option to not apply IFRS 2 to equity instruments granted on or before November 7, 2002 or which vested before the company's date of transition to IFRS. The Company currently expects to apply the elective exemption upon adoption to IFRS on January 1, 2011.

As a result of recent staff resource constraints, the Company is currently behind in its processes to finalize its calculations for the adjustment to the opening balance sheet under IFRS, and in the calculation of comparative 2010 numbers for inclusion on the 2011 financial statements. The Company will rectify this situation during the next quarter with the addition of internal or external resources to the IFRS project.

In addition to the items noted above, there is significantly more disclosure required in many areas, which is not anticipated to have a material impact upon the consolidated financial statements.

The IASB is currently undertaking several IFRS projects which will likely result in significant changes to existing IFRS standards in areas such as financial statement presentation, leases, revenue recognition, post-employment benefits, taxes, and financial instruments. The progress and recommendations of these IASB projects are being monitored closely to ensure that any potential impacts to the convergence project can be addressed.

The Company continues to assess the impact of IFRS 1 and the differences between Canadian GAAP and IFRS. The above disclosures relating to IFRS are based on management's current interpretation of requirements and may change as new information becomes available.

FINANCIAL INSTRUMENTS

Exposure to counterparty credit risk, interest rate risk and foreign currency risk arises in the normal course of the Company's business. The Company currently does not enter into derivative financial instruments to reduce exposure to fluctuations in any of the risks impacting the Company's operations.

The Company has credit risk as a result of its trade accounts receivable. The Company mitigates this risk by dealing with financially sound companies and, accordingly, does not anticipate any significant credit losses.

The Company has foreign exchange risk because it is exposed to foreign currency fluctuations due to its operations in the United States.

The Company has interest rate risk because the Company is exposed to fluctuations in interest rates from its long-term debt.

DISCLOSURE CONTROLS

The Company has a Corporate Disclosure Policy in place to ensure that communications with the public about the Company are timely, factual and accurate; disseminated in accordance with all applicable legal and regulatory requirements; and that all material information in respect of the Company is communicated to the Chief Executive Officer and the Executive Vice President (EVP), Finance, and where appropriate, the Board of Directors and/or committees thereof. As at June 30, 2010, the Company's Chief Executive Officer and EVP, Finance have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

It should be noted that while the Chief Executive Officer and EVP, Finance believe that the disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and EVP, Finance of Solium are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls

may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, based on the criteria set forth in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management concluded that, as of December 31, 2009, the Company's internal control over financial reporting was effective based on the criteria established in the *Internal Control – Integrated Framework*. Also, management determined that there were no material weaknesses in Solium's internal control over financial reporting as of December 31, 2009.

No changes were made in the Company's internal control over financial reporting during the six months ended June 30, 2010, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company does not anticipate a material change to internal controls over financial reporting as a result of the transition to IFRS.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at the date of this MD&A, there were 31,159,433 common shares outstanding.

Employees, directors, officers and consultants have been granted options to purchase common shares under a stock option plan. As at the date of this MD&A, there were 2,063,453 options outstanding.

Employees have been granted rights to receive common shares under a share award incentive plan. As at the date of this MD&A, there were 511,792 restricted share units outstanding.

RISK ASSESSMENT

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and/or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2009. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware of. As it is difficult to predict whether any risk will happen or its related consequences, the actual effect of any risk on the business could be materially different from anticipated.