FIRESWIRL TECHNOLOGIES INC.

Management Discussion and Analysis of the Financial Condition and Results of Operation, for the three months ended March 31, 2007 and 2006.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS AT MAY 18, 2007.

The following Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with Fireswirl Technologies Inc. ("Fireswirl" or the "Company") audited consolidated financial statements and the accompanying notes for the year ended December 31, 2006, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

Additional information about the company is available on the SEDAR website (www.sedar.com) under Fireswirl Technologies Inc. and on the website at www.fireswirl.com.

Special Note Regarding Forward Looking Statements

This MD&A contains certain forward looking statements which reflect Management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities.

Statements about the future plans and intentions, results level of activity, performance or achievements or other future events constitute forward looking statements. Whenever possible, words such as "anticipate" "estimate" "may" "will" "could" "should" "expect" "plan" "intend" "believe" "estimate" "potential" or similar words, have been used to identify these forward looking statements.

Forward looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results to differ materially from the results discussed or implied in the forward looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward looking statements.

Factors which could cause results or events to differ from current expectations include among other things: the impact of government legislation; the impact of competition; the ability of the Company to retain and attract qualified professionals; the impact of rapid technological and market changes; loss of business or credit risk with current and perspective major customers; general industry and market conditions, growth rates and currency rate fluctuations. Fireswirl disclaims any intentions or obligations to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law. No assurance can be given that actual results, performance or achievement expressed or implied by forward looking statements within this disclosure will occur; or if they do, that any benefits can be derived by them. Past performance has been considered in drawing conclusions with respect to forward looking statements contained in this MD&A.

EBITDA is defined as earning before interest, taxes depreciation and amortization. EBITDA is not a recognized measure under the Canadian generally accepted accounting principles. However, management believes EBITDA is a useful supplementary measure as it provides an indication of the results of Fireswirl's business operations without regard to how these activities were financed or how these results were taxed. Fireswirl's method of calculating EBITDA may differ from that of other companies. Accordingly, EBITDA may not be directly comparable to measures used by other companies.

OVERVIEW

Founded in 1999, the company developed payment interfaces for the internet. In 2002 the company developed and licensed poker software to the online gaming industry and in late 2006 began development of mobile commerce applications for the gaming and translation industries.

Business Model

Fireswirl is focused on creating transactional based revenue through combinations of software development, software consulting, software systems setup and software licensing. The technology has broad applications for content providers requiring multiple payment interfaces, multi-currency and multi-language capabilities, and can be adapted to industries requiring high volume or micro-payment solutions involving a wide base of users via the internet or wireless mediums. The company's focus is presently two industries:

- **Electronic Gaming -** In fall 2006 the company aligned its products and target markets to governments and their licensed agents in jurisdictions or countries where online gaming is legal, or for deployment within allowable entertainment or skilled based venues. Neither Fireswirl, nor any of its subsidiaries, operates or conducts gambling activities over the internet or by any other means. The company's suite of online gaming software includes slots, poker, tables, sports book, and mobile applications for the lottery industry. The functionality includes a multi-language and multi-currency conversion feature to address the diverse needs and global nature of its users. Since fall 2006 the company has made several proposals for deployment of its products with multiple parties at advanced stages of discussions or subject to indicative but non-binding letters of intent. The company remains committed to electronic gaming and will continue to dedicate capital and human resources to this vertical with expectations of revenues and gross margins in 2007.

- **SMS Translation-** In January 2007 the company acquired intellectual property for Short Message Service (SMS) Translation with an initial target of translating Chinese to English (the top two global) languages. The company plans to accelerate its expenditures to increase the number of supported language pairs and improve the overall efficacy of its SMS translation. Based on our recent acumen about the process and inherent challenges of SMS translation the company filed a second provisional patent in April 2007 surrounding improved systems and methods for improving SMS translation. We are currently at the demonstration stage with our SMS translation and anticipate a commercially deployable product in 2007.

Key Financial Events

In Q3 2006 the company began a series of steps with a goal to create a more sustainable business model. Some of these steps have had a short term negative impact on our income statement reflecting decreased revenues and increased expenses. Management believes its business case and projects are sustainable and accordingly the company strengthened its balance sheet in Q1 2007 to provide adequate funding for its developing business venues. The most notable significant financial impacts were as follows:

- In October 2006 the company began an expansion of its product line from an online poker software solution to a broader suite of gaming software products including slots, poker, tables, and sports book. The casino suite is now completed and in beta testing, ready for deployment. Approximately 56% of our human resources were dedicated to this project from October 2006 through May 2007.

- In December of 2006 the company concluded the sale of its subsidiary Swirl Marketing Ltd. (SML) in an arms length transaction to AsiaPac Technologies Management Inc. SML previously was the sub-licensor of the Fireswirl Poker Suite to several independent website operators. The sale of SML was consistent with management's decision to only consider online gaming operators who were either governments or their licensed operators. Management's decision to vend SML also reflected the enigmatic issues facing the industry relating to increased competition, reducing margins, and regulatory issues arising from the USA curtailing a large player base.

- In Q1 2007 the company completed a $4.5 million private placement for net proceeds of $4,109,839, plus stock options and warrants were exercised for an additional amount of $501,740. Total securities issued were 4,960,300 increasing the outstanding shares to 25,027,300 on March 31, 2007, and 30,801,000 fully diluted. As of March 31, 2007 the company had cash of $6.3 million with working capital of $6.2 million. Management believes capital is adequate for present projects with a healthy contingency, and the ability to readily consider additional projects or to accelerate present projects.

- Human resources remained the Company's single largest expenditure. Q1 2007 wages increased to $307,957 compared to $139,120 in Q1 2006. Additionally in Q1 2007 the company deferred wage development costs $207,181 while no such costs were incurred in the first quarter of 2006.

- The Company reported a net loss of $359,592 for the quarter ended March 31, 2007 compared to a net loss of $5,609 for the same period in 2006. The main reason for the decline of net income was the reduction of net revenue and, at the same time, an increase of expenses some of which are non comparable such as stock based compensation, an increase in general and administration expenses and growth of our marketing and travel expenses to support our business and growth.

- Diluted loss per share was ($0.02) for the three months ended March 31, 2007 compared to diluted loss of ($0.00) for the comparative period of 2006. The decrease of diluted earnings per share in Q1 2007 reflects the impact of lower net income.

SUMMARY OF FINANCIAL RESULTS

Comparative Quarterly Operating Results

The following table sets out selected unedited financial information of the Company on a consolidated basis for the last eight quarters.

	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Revenue	22,000	66,659	$128,260	$236,133	$210,344	356,385	$229,410	$133,125
Expenses								
Depreciation & Amortization	1,475	(7,287)	$12,365	$12,548	$2,990	3,469	$3,467	$3,467
Sales & Marketing	51,341	27,276	$31,981	$29,190	$19,008	18,222	$20,261	$20,051
General Administration	105,655	335,360	$53,193	$92,088	$41,132	51,908	$27,402	$43,932
Salaries & Benefits	100,776	134,427	244,814	258,276	$139,120	156,861	$129,504	$127,041
Bad and doubtful debts	161,807	20,160	$116,684	-	-			
Total Expenses	421,054	509,936	$459,037	$392,102	$202,250	230,460	$180,634	$194,491
Operating Income (Loss)	(399,054)	(443,277)	($330,777)	($155,969)	$8,094	125,925	$48,776	($61,366)
Development costs						(49,622)	($16,344)	($17,706)
Interest Income	34,249	32,058	$24,031	$15,054	-	1,520	-	$4
Foreign Exchange	5,213	6,211	$829	($7,131)	($3,018)	10,666	($10,065)	$2,897
Income (Loss) Before Taxes	(359,592)	(405,008)	($305,917)	($148,046)	$5,076	88,489	$22,367	($76,171)
Income Tax (expense)/recovery	-	(69,954)	$69,189	$9,554	($10,685)	31,305	($420)	($26,104)
Net Income (Loss)	**(359,592)**	**(474,962)**	**($236,728)**	**($138,492)**	**($5,609)**	**57,184**	**$22,787**	**($50,067)**
Basic/Diluted (loss)/earnings per share	**(0.02)**	**(0.03)**	**(0.01)**	**(0.01)**	**---**	**0.01**	**----**	**----**

QUARTERLY RESULTS

Revenue

Fireswirl revenue decreased to $22,000 for the quarter ended March 31, 2007 compared to $210,344 for the quarter ended March 31, 2006 a decrease of 89.6%. The reduction in revenue is primarily attributed to the company decision to vend SML in December 2006 whose revenues had reduced to $60,660 in Q4 2006.

Operating Expenses

Total operating expenses increased by 108.1% to $421,054 for the three months ended March 31, 2007 compared to $202,250 for the same period of 2006.

The increase in operating expenses is reflective of the company's growth in personnel, infrastructure and change in business focus. The company incurred non comparative expenses in the area of stock based compensation, amortization and depreciation of assets, professional and regulatory filings fees required by the stock exchange and a general increase in costs in managing a larger office.

In the quarter ended March 31, 2007 the company capitalized $245,456 of development costs related to new software platforms: SMILES lottery, Poker/Casino suite, and SMS translator.

Amortization

Amortization and depreciation expenses net of software development costs decreased by 50.6% to $1,475 for the three months ended March 31, 2007 compared to $2,990 for the same period of 2006 when expenses related to the development of software were expenses as incurred. The Company is deferring software development costs to future periods when all criteria for deferral are met.

Sales and Marketing

Sales and marketing expenses increased by 170.1% to $51,341 for the three months ended March 31, 2007 compared to $19,008 for the same period of 2006. The increase is attributable to the Company's increased investment in growing business and increased travel to meet with prospective new clients and partners.

General and Administrative

General and administrative expenses increased by 156.8% to $105,655 for the three months ended March 31, 2007 compared to $41,132 for the same period of 2006. The most significant factor attributable to the increase is due in part to professional fees, increased legal fees and regulatory fees related to the filing and listing requirements of the TSX exchange. These expenditures were not required in 2006.

Salaries and Benefits

Salary and benefit expenses net of software development costs decreased by 27.5% to $100,776 for the three months ended March 31, 2007 compared to $139,120 for the same period of 2006 when costs relating to the development of software were expensed as incurred. The Company is deferring software development costs to future periods when all criteria for deferral are met.

Stock Based Compensation

Stock based compensation increased to $161,807 for the three months ended March 31, 2007. There is no comparative expense for the same period of 2006. Stock based compensation expense relates to the amortization of the fair value of stock options granted to employees, directors and consultants. Expenses are amortized over the vesting period of options by using the Black-Scholes option pricing model to calculate the stock options expenses.

Software Development Costs

Software Development costs of $245,456 for the quarter ended March 31, 2007 were capitalized and deferred to future periods. There is no comparative capitalization for the same period of 2006. The company capitalized development costs in relation to re-branding of the new software platform of the poker/casino suite, SMILES mobile lottery, and SMS translator. As the software development project is still in progress, no amortization of the cost was charged to expenses for the period.

OTHER INCOME (EXPENSES)

Interest Income

The company reported interest income of $34,249 for the three months ended March 31, 2007. There is no comparative income for the same period of 2006. In February 2007 the Company completed a private subscription financing that netted $4,109,839. In addition 15,300 options and 445,000 warrants were exercised in Q1 2007 which netted $501,740. All proceeds were invested in short term cash certificates.

Foreign Exchange Gain

The company recognized a foreign exchange gain of $5,213 for the three months ended March 31, 2007 compared to a foreign exchange loss of $3,018 to the same period of 2006. The foreign currency gains experienced in the first quarter of 2007 reflect foreign denominated amounts translated into Canadian dollar equivalents at higher foreign exchange rates than in the past. The Company does not utilize hedges or forward contract to mitigate foreign currency risks.

Provision for Income Taxes

The company has reported a net loss of $359,592 and has not reported any income tax recovery for the quarter ended March 31, 2007 compared to income tax expenses of $10,685 for the same period of 2006. The Company follows the asset and liability method of accounting for income taxes. Current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets from the benefit of losses available to be carried forward to future years for tax purposes are recognized only if it is more likely that not that they can be realized.

Net Income (loss)

The Company reported a net loss of $359,592 for the quarter ended March 31, 2007 compared to a net loss of $5,609 for the same period of 2006. The main reason for the decline of net income is a reduction of net revenue and at the same time an increase of expenses some of which are non comparable such as stock based compensation, an increase in general and administration expenses and growth of our marketing and travel expenses to support our business and growth.

Diluted loss per share was ($0.02) for the three months ended March 31, 2007 compared to diluted loss of ($0.00) for the comparative period of 2006. The decrease of diluted earning per share in Q1 2007 reflects the impact of lower net income.

EBITDA

The company reported EBITDA (defined as net income less interest, plus taxes, depreciation and amortization) loss of $395,316 for the quarter ended March 31, 2007 compared to a loss of $8,599 for the comparative period of 2006. The decrease in EBITDA is mainly due to decreased revenue while there were non comparative expenses such as stock based compensation.

Liquidity and Capital Resources

The company continues to maintain a strong balance sheet. As of March 31, 2007 the company had no debt, $6,285,136 in cash and short term investments and working capital (defined as current assets less current liabilities) of $6,228,974. The company has cash and short term investments on hand to meet the Company's planned growth and development activities. The increase in the Company's cash position is mainly due to the non brokered private placement financing completed in Q1 2007 (net of offering costs) $4,109,839.

The company's investing activities in the first quarter of 2007 consisted mainly of the purchase of property and equipment $11,753, acquisitions of IP $43,586, and deferred development costs $245,456.

Contractual Obligations

The Company's future minimum payments under operating and capital leases are the following:

2007	$46,386
2008	$61,848
2009	$61,848
2010	$61,848
2011	$32,724

Related Party Transactions

Related parties transactions pertain to salaries and benefits expenses of $54,415 reported for the quarter ended March 31, 2007 compared to $38,000 for the same period of 2006 paid to directors and shareholders of the Company. General Administration expenses include$15,350 for the quarter ended March 31, 2007 compared to $22,956 for the same period of 2006 paid to a company related by virtue of a director who is also an officer of the company. Related party transactions are in the normal course of operations and occur on terms and conditions that are similar to those transactions with unrelated parties.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies and methods used in preparation of the Company's financial statements are described in Note 2 of consolidated financial statements of the company for the year ended December 31, 2006. The Company has not effected any changes to its significant accounting policies during the two years ended December 31, 2006 except as follows:

Stock Based Compensation

Effective January 1, 2006 the company adopted the Canadian standard for accounting for stock based compensation and other stock based payments. The recommendations require equity instruments awarded to employees and non employees and the cost of the service received as consideration to be measured and recognized based on the fair value of the equity instruments issued. Compensation expense is recognized over the period of related employee service, usually the vesting period of the equity instrument awarded. In addition the standards require that equity instruments issued to non employees be recorded at their fair value at the date they are earned.

Risks and Uncertainties

Important risks factors that could cause actual results, performance or achievements to be materially different than past performance or those implied by forward looking statements include:

- Uncertainty as to the degree of new and continuing market acceptance of our products;
- Our products could contain defects that lead to costs, damage of reputation or litigation;
- Our dependence on customer performance;
- Uncertainty regarding future profitability;
- Uncertainty regarding the pricing, reporting and collection of accounts;
- Risks associated with sales in foreign countries and their government policy and regulations;
- Our ability to diligently ensure that our customers operate in accordance with the terms of our license agreements that require observation of the laws of Canada and foreign countries;
- Our ability to attract and retain key personnel.

Off Balance Sheet Arrangement

As at the date of this MD&A, the company has not entered into any off balance sheet arrangements.

Business Transactions

There is no proposed asset or business acquisition or disposition transactions pending as at March 31, 2007, except as noted below.

- ➢ Subsequent to December 31, 2006 the Company acquired certain intellectual property assets (IP) from Living Stone Consultants Limited and a 51% interest in M-Lingo Limited. The consideration for the acquisition was US$22,500 cash, and net income associated with the IP equal to 50% of the first USD $8 million, and thereafter 15%. The IP enables real-time translation between multiple languages on and between virtually any types of mobile phone. M-Lingo is owned 51% by Fireswirl and 49% by MHL Consulting Ltd. a Hong Kong based company that will market the IP to its extensive business network of mobile carriers in Hong Kong, Taiwan and China.

- ➢ In April 2007 the company filed a provisional patent for "Improved Systems and Methods for Improving SMS Translation."

- ➢ In May 2007 premises opened in Shenzhen, China and relocation of Fireswirl's Chief Technology Officer to support our initiatives in Asia. An experienced Vice President Product Development was recruited for our Vancouver operations.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and accrued liabilities, income taxes recovery and capital lease obligations. The fair values of these financial instruments approximate the carrying values, except as noted below. It is management's opinion that the company is not exposed to significant interest risks. The Company's credit risk lies in its accounts receivable where the balances due reflect a concentration among a relatively small number of accounts. The Company's short term investments consist of investments in low risks bank certificates. A substantial portion of the company's revenue is earned in foreign currencies and is exposed to currency fluctuations.

The Company does not use financial derivatives or "other financial instruments".

Other MD&A Requirements

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the period ended March 31, 2007 and based on this evaluation (which included testing of the key controls by examining evidence demonstrating their existence on a test basis) have determined these controls to be effective.

The Corporation's financial reporting procedures and practices have enabled the certification of Fireswirl's annual filing in compliance with Multilateral Instrument 52-109 "Certification of disclosure in Issuers" annual and Interim Filings. Management has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other filings in accordance with Canadian Generally Accepted Accounting Principles, except as noted below.

Given the size of the Company, the evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of the following weaknesses:

- Management is aware that due to its relatively small scale of operation there is a lack of segregation of duties to a limited number of employees dealing with accounting and financial matters. However management has concluded that considering the employees involved and the control procedures in place, including management and Audit Committee oversight, risks associated with such lack of segregation of duties are not significant enough to justify the expense associated with adding employees to clearly segregate duties.

- Management is aware that in-house expertise to deal with complex taxation, accounting and reporting issues may not be sufficient. The company requires outside assistance and advice on new accounting pronouncements and complex accounting and reporting issues, which is common with companies of similar size.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the most recent period that have materially affected, or are reasonable likely to affect, the Company's internal control over financial reporting. Fireswirl's internal control systems continue to evolve as the company grows. We believe these systems are sufficient to execute the business plan and provide meaningful information upon which to manage the business. Management believes the disclosure, controls and procedures currently in place are effective.