



Fireswirl

Technologies Inc.

**Management Discussion and Analysis of the Financial Condition and Results of Operations
for the three months ended March 31, 2008 and March 31, 2007**

May 29, 2008

The following Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with Fireswirl Technologies Inc.'s ("Fireswirl" or the "Company") unaudited consolidated financial statements and related notes for the quarter ended March 31, 2008 and audited consolidated financial statements and the accompanying notes for the year ended December 31, 2007, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information about the Company is available on SEDAR at (www.sedar.com) under Fireswirl Technologies Inc. and on the Company website at www.fireswirl.com.

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 Company's 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", or "potential" or similar words, have been used to identify these forward looking statements.

The Company cautions that the forward-looking statements reflect the current views and/or expectations of the Company with respect to its performance, business and future events. Investors are cautioned that all forward looking statements involve risks, uncertainties and assumptions. Including, without limitations; those relating to a limited operating history, an uncertain regulatory environment, a competitive environment, internet viability and system infrastructure and reliability, dependence on key personnel and foreign exchange fluctuations. These risks may cause the Company's actual results to differ materially from those projected in the forward looking statements. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary 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 change; loss of business or credit risk with current and perspective major customers; general industry and market conditions, growth rates and currency rate fluctuations. The Company 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 from them.

Past performance has been considered in drawing conclusions with respect to forward looking statements contained in this MD&A.

FIRESWIRL OVERVIEW

Fireswirl was founded in 1999 and operated as a software development and project management company specializing in payment platforms for the internet. In 2004, the Company began licensing (in eligible jurisdictions) the “Fireswirl Poker Suite” which had taken 4 years to develop at an estimated cost of \$2 million. Fireswirl in its entirety has never operated a wagering website or processed any forms of wagers over the Internet.

In mid 2006, the Company became a listed company (TSX-Venture; symbol FSW) through a reverse takeover and a \$3.2 million equity financing accompanying its qualifying transaction. The Company embarked on a series of events in fall 2006 to achieve an enhanced business model with greater potential.

In mid 2007, the Company opened an office in China (Shenzhen) and re-located the Company’s CTO to oversee operations focusing on business development, quality testing and customer service. In addition to lower staffing costs, having a presence in China is essential to our strategies in 2008. During 2007 the Company developed an infrastructure (legal, banking, financing, import/export, permits, VAT accounts, etc.) for trading mobile devices in China which we will pursue in 2008. Management remains committed to its initiatives in Asia involving internet and mobile phone users.

On March 1, 2008, the Company launched a play for free Texas Holdem poker site (www.chipsnchat.com) whereby contestants can earn points, socialize through a chat feature, and compete in tournaments. The site has grown to over 45,000 members and receives approximately 2,500 daily users. Our objective is to monetize the website via advertisers or through sale of the database.

The Company is sufficiently funded for its current projects and is considering additional projects.

SUMMARY OF FINANCIAL RESULTS

1. COMPARATIVE QUARTERLY OPERATING RESULTS

The following table shows selected unaudited financial information of the Company on a consolidated basis for the last eight quarters.

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Revenue	\$6,119	\$5,884	\$6,084	\$6,414	\$22,000	\$66,659	\$128,260	\$236,133
Expenses								
Depreciation & Amortization	13,144	19,047	1,910	1,453	1,475	(7,287)	12,365	12,548
Sales & Marketing	42,237	25,967	77,132	52,536	51,341	27,276	31,981	29,190
General Administration	187,090	180,655	143,071	155,445	105,655	335,360	53,193	92,088
Salaries & Benefits	265,907	307,308	106,112	88,572	100,776	60,066	133,136	166,104
Stock based compensation	136,212	37,480	38,533	75,107	161,807	74,361	111,678	92,172
Bad and Doubtful Debts	-	-	-	-	-	20,160	116,684	-
Impairment Development Costs	-	446,700	-	-	-	-	-	-
Total Expenses	644,590	1,017,157	366,758	373,113	421,054	509,936	459,037	392,102
Operating Income (Loss)	(638,471)	(1,011,273)	(360,674)	(366,699)	(399,054)	(443,277)	(330,777)	(155,969)
Other Income	46,834	70,156	52,292	60,292	34,249	32,058	24,031	15,054
Loss from investment	-	(30,620)	-	-	-	-	-	-
Foreign Exchange	31,894	1,671	(39,386)	(38,920)	5,213	6,211	829	(7,131)
Income (Loss) Before Taxes	(559,743)	(970,066)	(347,205)	(345,327)	(359,592)	(405,008)	(305,917)	(148,046)
Income Tax expense/recovery	-	-	-	-	-	(69,954)	69,189	9,554
Loss attributed to minority interest	-	-	(56)	56	-	-	-	-
Net Loss	\$(559,743)	\$(970,066)	\$(347,261)	\$(345,271)	\$(359,592)	\$(474,962)	\$(236,728)	\$(138,492)
Basic/Diluted loss per share	\$(0.02)	\$(0.04)	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.01)	\$(0.01)

2. QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED MARCH 31, 2008 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2007

Revenue

In Q1 2008 the Company reported revenue of \$6,119 compared to \$22,000 in Q1 2007. During Fiscal 2007 the company attempted to develop products and markets reacting to regulatory changes affecting their prior business model. As of Q1 2008 revenue had yet to materialize from new projects.

Expenses

In Q1 2008 expenses increased to \$644,590 compared to \$421,054 in Q1 2007. Q1 2007 included \$245,456 of capitalized development costs which would otherwise have

increased total expenses to \$666,510 in Q1 2007. Development costs were not capitalized in Q1 2008 as the projects are now at implementation stage.

Depreciation and Amortization

Depreciation and amortization expenses increased to \$13,144 in Q1 2008 compared to \$1,475 in Q1 2007 reflecting a higher net book value of capital assets in Q1 2008. Commencing Q4 2007, the Company began amortizing software development costs related to the Bet Exchange over a 3 year period equal to the anticipated life of the developed software. As the company's other software development projects are still in progress, no amortization has been recorded for other projects. The Company is deferring software development costs to future periods when all criteria for the deferral are met and will commence amortization when the software generates revenue.

Sales and Marketing

Sales and marketing expenses decreased to \$42,237 in Q1 2008 compared to \$51,341 in Q1 2007. In Q1 2008 the largest portion of this expense was \$24,365 related to marketing ChipsNChat (www.chipsnchat.com), a social networking and entertainment website.

General and Administrative

General and administrative expenses increased to \$187,090 in Q1 2008 compared to \$105,655 in Q1 2007. The largest items and changes within general and administrative were professional fees and premise costs. Professional fees increased to \$49,805 in Q1 2008 from \$14,795 in Q1 2007. Premises costs also increased (reflecting second facilities in China) to \$54,016 in Q1 2008 from \$17,983 in Q1 2007.

Salaries and Benefits

Human resources remained the Company's single largest expenditure. The Company recognized salaries and benefits expenses of \$265,907 in Q1 2008 compared to \$100,776 in Q1 2007. Q1 2007 included \$207,181 of capitalized development costs which otherwise would have increased salaries and benefits to \$307,957 for the same period of 2007. Excluding the effect of the capitalization of development cost in Q1 2007, salaries and benefit expenses decreased \$42,350 in Q1 2008.

Stock Based Compensation

Stock based compensation expense decreased to \$136,212 in Q1 2008 compared to \$161,807 in Q1 2007. The fair value of stock based compensation granted to employees, directors and consultants is expensed throughout the vesting period. Most of the options granted in previous years are now vested, which lead to the decrease in the compensation expenses. Other reasons for the decrease are due to fewer options being granted and forfeited options of departed employees and consultants. The vesting periods of the Company's outstanding stock options are equal to or less than 1 year from the grant date.

Other Incomes and Losses

Other income totaled \$46,834 (consisting of \$35,778 interest income, \$13,414 rental income and \$2,358 loss from the sale of capital assets during the relocation of the head office) in Q1 2008 compared to \$34,249 (entirely interest income) for the same period of 2007.

Interest income increased in Q1 2008 compared to Q1 2007 reflecting additional cash on deposit associated with a private placement and the exercise of options and warrants during Q1 2007. Rental income is from the sub-lease of the Company's previous office which generates profit of \$21,904 per year.

Foreign Exchange Gain/Loss

The Company recognized foreign exchange gain of \$31,894 in Q1 2008 compared to foreign exchange gain of \$5,213 in Q1 2007. The foreign currency gains reflect foreign denominated amounts translated into Canadian dollar at higher foreign exchange rates at March 31, 2008 compare to December 31, 2007. The majority of the Company's foreign holding is in US dollar and Chinese Renminbi. The Company does not utilize hedges or forward contracts.

3. LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2008, the Company had working capital of \$3,633,120, cash and short term investments of \$3,695,965, and no debt.

As at March 31, 2008, current assets excluding cash and cash equivalent consisted of accounts receivable of \$6,119, accrued interest receivable of \$5,039, miscellaneous receivable of \$2,500, GST recoverable of \$49,267 and prepaid and deposits of \$47,857.

Current liability as at March 31, 2008 consists of accounts payable and accrued expenses of \$137,484 and payroll remittance and vacation payable of \$23,722. Accounts payable includes an amount of \$89,965 owing to a vendor for the 3G Gaming Video Platform which had an initial cost of \$298,258. The amount owing will be paid when the contractual terms of this purchase are met.

The Company has adequate cash and short term investments to meet the Company's planned growth and development activities. The Company does not see any material fluctuation in its liquidity or working capital position and based on the present level of revenue and expenses the Company does not foresee any significant changes to its working capital requirements.

Operating Activities

Cash used by operations was \$527,068 in Q1 2008 compared to \$134,498 in Q1 2007.

Investing activities

Cash used by investing activities was \$25,413 in Q1 2008 compared to investing activities of \$300,795 (\$55,339 excluding capitalized development cost) in Q1 2007. The main investing activities in Q1 2008 were \$23,956 for leasehold improvements to our new facilities, and \$1,457 for trademark and patents. In Q1 2007, the Company capitalized software development cost of \$245,456 and purchased equipment and rights to the SMS Translation project for \$55,339.

Financing Activities

Cash provided by financing activities was nil in Q1 2008 compared to cash provided by financing activities of \$4,611,579 in Q1 2007. The cash inflow during the Q1 2007 is mainly due to the completion of a private placement of \$4,500,000 in the period.

4. CONTRACTUAL OBLIGATIONS

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

2008 (from April)	\$76,510
2009	\$94,623
2010	\$61,848
2011	\$32,724

In February 2008, the former premises of the Company were subleased for \$83,748 per year (base rent), which is accretive \$21,904 per year until the maturity of the lease in June 2011. New facilities are \$32,775 per year (base rent) until January 2010.

5. RELATED PARTY TRANSACTIONS

During the quarter ended March 31, 2008, the Company had the following expenditures:

- Salaries of \$103,500 to its management compared to \$54,415 (\$114,231 before the capitalization as development cost) in the same period in 2007. No salary expenditure was capitalized as software development cost this quarter.
- Administrative fees of \$3,000 to the directors of the Company compared to nil in Q1 2007.

6. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Our significant accounting policies are set out in Note 3 and Note 4 of the audited consolidated financial statement of the Company for the year ended December 31, 2007. The adoption of these new accounting standards did not impact the amounts in the Company's financial statements.

7. 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 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 policies and regulations therein;
- 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 other foreign countries;
- Our ability to attract and retain key personnel.

8. PROPOSED TRANSACTIONS

There is no proposed asset, business acquisition or disposition transactions pending as at March 31, 2008.

9. OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2008 the Company has not entered into any off balance sheet arrangements.

10. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consists of cash, short term investments, accounts receivable, accounts payable and accrued liabilities, income tax recovery and capital lease obligations. The fair values of these financial instruments approximate their carrying values. The Company's short term investments consist primarily of investments in low risk bank certificates. Therefore, the Company is not exposed to significant interest risks. Company is exposed to currency fluctuations since a substantial portion of the Company's holding cash is in foreign currencies and most of the Company's revenue is earned in foreign currencies. The Company does not engage in currency hedging.

11. OUTSTANDING SHARES

The Company has 25,205,112 common shares outstanding as at May 29, 2008. If all of the Company's options and warrants were exercised, the Company would have 29,079,112 common shares outstanding. If exercised, the cash proceeds would be

\$979,440 from the options (1,749,000 options at weighted average exercise price of \$.56) and \$2,812,500 from the warrants (2,250,000 warrants at \$1.25) for a total of \$3,791,940.

OTHER MD&A REQUIREMENTS

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the financial statements and MD&A as at March 31, 2008 and based on this evaluation, management has concluded these disclosure controls and procedures to be effective.

The Corporation's financial reporting procedures and practices have enabled the certification of Fireswirl Technologies Inc. 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 annual filings in accordance with Canadian GAAP, 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 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 reasonably likely to materially affect, the Company's internal control over financial reporting. The Company'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.