

3TL Technologies Corp.

(Formerly KCO Capital Inc.)

Management's Discussion & Analysis

For the Three Months Ended March 31, 2016

Dated May 30, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

The following management's discussion and analysis of the financial position and results of operations for 3TL Technologies Corp. ("3TL", "3TL Technologies" or the "Company") should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2016 and should also be read in conjunction with the audited consolidated financial statements and notes as at and for the year ended December 31, 2015, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of 3TL Technologies Corp.'s management at the time the statements were made.

The following information is prepared as at May 30, 2016.

CORPORATE STRUCTURE

3TL was incorporated under the Business Corporations Act of British Columbia on July 29, 2011 under the name of KCO Capital Inc. On August 1, 2012, the Company completed its initial public offering and became a Capital Pool Company in order to negotiate an acquisition or participation in a business (the "Qualifying Transaction"). On October 30, 2014, 3TL Technologies completed its Qualifying Transaction by acquiring 3 Tier Logic Inc. ("3 Tier Logic") through an acquisition of 100% of the shares of 3 Tier Logic.

NATURE OF BUSINESS AND OVEREALL PERFORMANCE

Overview of Our Business

3TL is a technology company operating in the consumer Internet advertising sector and is a provider of digital and social media consumer engagement, data mining and loyalty solutions.

3TL's core product is Platform³, a Software as a Service ("**SaaS**") consumer marketing platform which enables consumer packaged goods companies and consumer brands to engage consumers and influence purchasing decisions through their mobile devices and online. Platform³ encompasses proprietary consumer engagement strategies and technology modules including Snap³ (purchase receipt scanning), Social Portal (consumer-to-consumer content sharing), Rewards and Gamification, Data and Analytics, and Customer Relationship Management ("**CRM**").

Robert Craig and Carlos Yong founded 3TL in 2008. Mr. Craig is the Chief Executive Officer of 3TL and a Director. Mr. Yong is the Chief Technology Officer. They founded 3TL with the aim of providing clients (or "brands") dramatic and meaningful improvements in consumer engagement and communication via digital and social media technologies in the face of declining effectiveness of traditional forms of advertising. Increasingly, consumers have been using their social networks to share their opinions and experiences with leading brands through "shares", "posts", "likes", "follows", "check-ins" and other similar activity. Tapping into consumer's higher level of trust in "friend-to-friend" recommendations and the growth of social media, 3TL aimed to provide disruptive solutions to existing methods of digital marketing.

From 2008 to 2012, 3TL's business was exclusively managed services and the development of custom digital marketing applications for brands. These applications enabled brands to engage consumers through promotions via digital and social channels. 3TL's applications also enabled brands to capture consumer data.

During this time period from 2011 to 2014, 3TL generated cumulative revenues in excess of $3,010,000 by developing over 200 custom digital marketing applications.

In its first four years, 3TL was able to identify valuable consumer trends as well as first-hand experience with the challenges brands faced when attempting to engage and activate consumers in a fragmented consumer marketplace. Traditional engagement strategies through radio, print and TV were not as effective as they used to be.

To achieve this reach, brands were having to source technology and solutions from multiple vendors. 3TL believed that there was not an integrated solution on the market which enabled brands to engage consumers in promotions via the web, both desktop and mobile, and through social media. Engaging consumers through multiple channels required brands to work with numerous vendors, implement several technology platforms and store data in disparate databases. The end result was a fragmented solution offered to a fragmented consumer market, and a frustrating experience for brands and a low return on investment for their digital marketing efforts.

In 2012, 3TL began development of Platform^3, a proprietary digital marketing, data mining and rewards product. After one year of development, 3TL began pre-selling the product resulting in $500,000 of orders. The Company's intention was to move from providing managed services to being a product company.

In 2013, 3TL started the transition to a new business model, focusing on the development of Platform³, which resulted in decreased revenues compared to 2012. The previous business model was custom development of digital advertising solutions with no recurring revenues – a managed services revenue model. The new business model, centered on the proprietary Platform³ product, is an integrated digital marketing suite of applications sold in a SaaS model with recurring revenues – a product sales, with recurring revenue model.

In 2014, after two years of development, 3TL launched Platform³ as a commercial product. Platform³ is a proprietary suite of digital applications that provides brands with an integrated digital marketing, data mining and rewards platform to engage consumers on the web, desktop and mobile phone, through digital and social channels. Platform³'s features enable brands to engage consumers, facilitate friend-to-friend sharing, and collect and analyze data. Platform³ allows brands to determine which consumers are most valuable based on their level of engagement with the brand on social media, and also incentivize and reward their most valuable consumers. Customers access Platform³ through a cloud-based SaaS subscription model.

In July 2014, 3TL launched Platform^3 version 2.0. This version includes a redesign of the interface and architecture. New features included enhancement to data mining, tracking, reporting and engagement capabilities.

In 2015, 3TL launched Snap^3 as an additional module to Platform³.

3TL's growth strategy will initially focus on the growing digital marketing sector in the United States, targeting companies that would benefit from the use of Platform³ to create and activate strategic sales and marketing campaigns that generate sales for consumer brands by building product awareness, positive opinion and purchase consideration. The Company expects to expand its sales team based in Chicago and Vancouver.

In the first half of 2015, 3TL closed a number of reference accounts in three key verticals in the United States, namely e-commerce, promotions and loyalty, and in-store shopper marketing. The launch of Snap³ as a module of Platform³ enabled 3TL to provide an integrated mobile point-of-sale rewards solution, providing a compelling value proposition for consumer packaged goods companies seeking a mobile

digital solution for in-store shopper marketing promotions. Based on management's discussions with customers and potential customers, management believes that consumer packaged goods ("**CPG**") companies have large annual budgets for in-store shopper promotions and are looking for ways to improve returns on those budgets and attract consumers who are increasingly moving to mobile. In 2015 and 2016, 3TL plans to focus its resources on the in-store shopper marketing vertical where it believes that it can grow revenues through direct sales and by working with advertising agencies aligned to provide Snap³ to major CPG companies.

In the Fall of 2015, 3TL launched significant enhancements to several modules of Platform³. These upgrades included:

- Launch of version 2.0 of Snap^3 the mobile shopper marketing module of Platform³ in September 2015. Snap^3 version 2.0 which encompass enhancements in accuracy and usability in each module of Snap^3's core modules including Optical Character Recognition ("**OCR**"), Image Processing, Security and Fraud Detection, Rules Engine and Management Dashboard.

- Launch of version 2.0 of Social Portal in November 2015, the consumer-to-consumer content sharing module of Platform³. Changes which encompass increased use of video and the ability for brands to upload this content for consumers to share via social media.

Product Overview

Brands use Platform^3's various modules to launch promotions in an effort to engage and activate consumers through the most popular digital platforms and channels. Consumers are able to participate in a brand promotion launched on Platform^3 by connecting through most devices that are connected to the Internet including mobile, desktop and tablets.

When consumers participate in a special offer, promotion or contest launched on Platform^3, detailed data can be captured including consumer demographics and purchasing behaviour.

Platform^3's newest module, Snap^3, is able to scan purchase receipts and connect consumers to a purchase when they participate in a promotion. Promotions that use Snap^3 enable consumers to take a picture of their purchase receipt to validate the purchase of a specific brand product. Snap^3 scans data from a typical receipt provided to consumers when they make purchases. Purchase data includes standard specific products, date, retailer, location and other relevant data found on a purchase receipt. Brands use Snap^3 in conjunction with other Platform³ modules to engage consumers through contests and promotions.

3TL collects and mines consumer data within the permitted parameters of the privacy policies of the social media channels in which its platform operates, as well as 3TL's own privacy policy and other (including legal) obligations it may have with respect to privacy and data protection. 3TL protects data through multiple layers of security. All access to production systems requires two-factor authentication. Further, to prevent application-level fraudulent access, all passwords are encrypted using the latest version of encryption. 3TL has developed processes to ensure access is only available with either 2-factor passwords or encryption keys.

All 3TL staff sign employee agreements which contain assignment of intellectual property, non-compete and confidentiality clauses. Additionally, 3TL has in place an employee off-boarding process to prevent access to further accounts after their employment ends.

Using Platform^3, brands are able to aggregate and segment consumers in an effort to identify those who have purchased their brand, are most engaged and are more likely to share about the brand with their friend networks. Brands are able to communicate directly with consumers based on this information by

introducing targeted special offers, incentives and rewards. Platform^3's Rewards and Gamification module enables brands to incent the most influential and valued consumers.

Platform^3 is a cloud-based, SaaS subscription platform that is available as a license on a promotion by promotion basis or for one year subscriptions. Organizations access Platform^3 by simply logging in via standard desktop computer with a web connection. Consumer data is stored online in a secure, cloud environment. Data can be accessed via Platform^3 using built in analytics, segmentation, search and sort tools. Brands are able to search, sort and download databases of consumers to deploy special offers, new products and rewards.

Platform^3 subscriptions are offered as "Self-Serve" or "Managed Services". Brands using the Self-Serve option build their own promotions, create and administer their rewards and manage their data. Managed Services subscribers receive a turnkey service for which 3TL builds engagement promotions and manages rewards and data. Thus, 3TL generates both a product revenue stream and a professional services revenue stream.

The principal markets for Platform^3 are Canada and the United States.

In practical terms, 3TL customers use Platform^3 to track purchases and increase revenues and customer loyalty by:

1. Activating and engaging consumers – Brands use marketing and promotion tools to create consumer engagement and interaction from mobile, web and social channels.

2. Track and validate purchases of the brand product – Brands use Platform^3's receipt scanning capabilities to connect with consumers whom have purchased their products.

3. Capturing and mining data – Brands capture consumer engagement data to analyze and determine consumer behaviour and preferences.

4. Consumer segmentation – Consumers are segmented based on their interactions with the brand and demographics.

5. Rewarding consumers for interacting, purchasing and sharing with friends – The most desired consumer behaviors, based on the number of interactions a social media user has with a brand, can be rewarded to accelerate consumer engagement, sharing and loyalty.

6. Driving direct revenue opportunities – The most valuable consumers – those that purchase and interact with the brand - are provided with purchase incentives and invitations to participate in exclusive promotions and events.

The net effect is that 3TL's customers can identify their best customers, incentivise them to buy and share, and reward them for doing so. This is the core value proposition of the company to its customers.

The principal markets for Platform^3 are Canada and the United States.

Principal Products and Services

Clients of the Company can choose from several versions of Platform^3 according to their needs:

- "Self-Serve" or "Managed Services" platform – Brands that subscribe to the self-serve platform can build their own engagement promotions, create and administer rewards programs and manage the consumer data collected. Subscribers to the managed services platform receive a turnkey

service in which the Company builds engagement promotions and manages rewards and data on their behalf.

- Application Protocol Interface access to Platform^3 – (Launched in September 2015). Application Protocol Interface ("**API**") access is licensed by brands that wish to use internal resources or partners to build consumer interface applications on top of Platform^3's core technology. Consumer interfaces generally encompass mobile and web-based microsites. Brands will be able to integrate Platform^3's API with existing technology applications and infrastructure including mobile apps and CRM systems.

Brands can license single or multiple modules of Platform^3. These modules include:

- Snap^3 a mobile shopper marketing technology module that encompasses proprietary technology and modules including OCR, Image Processing, Security and Fraud Detection, Rules Engine and Management Dashboard. Brands use Snap^3 to run shopper marketing promotions designed to engage consumers, influence their purchasing decisions and track their purchasing behaviours. A critical component of Snap^3 is its ability to scan purchase receipts to connect a consumer to a purchase as well as scan purchase data found on standard receipts. Purchase data scanned by Snap^3 on receipts include specific products, date, retailer and all other relevant data on a purchase receipt.

- Social Portal is a consumer-to-consumer sharing module that enables brands to publish content for consumers to share via social media. The brand provides the content, and their customers can be incented to spread the message.

- The Rewards and Gamification module enables brands to attach rewards and points with or without monetary value. The Rewards and Gamification module encompasses Inventory Management, Redemption, Leader Board and Currency modules. Rewards and Gamification encourage consumers to engage, and allows brands to reward consumers for taking specific action in context to the brand. This includes the ability to set reward levels, upload rewards including merchandise and virtual prizing (extra entries, badges, etc.) and confirm redemption of rewards.

- The Data and Analytics module provides brands with detailed reporting including purchasing behaviour and demographics to analyze and determine consumer preferences. The Data and Analytics module allows for segmentation of data - consumers can be segmented based on their interaction with the brand and their purchasing behaviour. This gives the brand deep insights into the behaviour of their consumers.

- The Customer Relationship Management module hosts all consumer data which can be downloaded or transferred via API connection to a brand's CRM system. This allows for efficient management of their consumer data.

3TL's modular tool set provides four key value drivers for 3TL's customers:

1. Customer acquisition – The 3TL tools reduce the cost of customer acquisition for the brand, using the power of the Internet and mobile.

2. Customer Data – The 3TL tools enable brands to capture purchase data and demographic data that can be used to track and drive revenue.

3. Customer retention – The 3TL tools help the brand keep their best customers, increasing their lifetime value to the brand.

4. Customer understanding – The 3TL tools provide valuable data analytics on the brand's customers, increasing the brand's ability to market efficiently and successfully.

Overall Performance

The Company's overall performance for the three months ended March 31, 2016:

- 3TL validated Platform[3]as SaaS shopper marketing solution for leading CPG brands based in the U.S,after introducing new modules and improved scalability in 2015. Year-to-date, 3TL has licence agreements to provide Platform[3] for 20 shopper marketing promotions with leading U.S. based CPG brands.

- Revenues increased by 208% to $148,838 compared to the quarter ended December 31, 2015.

- Gross margin as a percentage of revenue increased to 79.6% compared to 37% in the quarter ended December 31, 2015 and 21.7% for the year ended December 31, 2015. This increase is mainly due to the strong margins from SaaS revenues and economies of scale as revenues increase.

- Positioned 3TL for growth of SaaS revenues in 2016 with repeat business expected from leading CPG brands and longer term and larger contracts driven by validation of the Company's value proposition.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of the Company's performance are the following: revenue, gross profit, net and comprehensive loss, total assets, total long-term liabilities and shareholders' equity. Amounts are expressed in Canadian dollars, except for number of shares.

	December 31, 2015	December 31, 2014	December 31, 2013
Revenue	319,163	310,250	630,808
Gross profit	69,229	106,739	454,752
Net and comprehensive loss	(2,853,152)	(5,189,700)	(613,385)
EBITDA *	(2,847,902)	(5,097,428)	(609,620)
Adjusted EBITDA *	(2,695,637)	(1,772,781)	(172,149)
Loss per share - basic and diluted	(0.04)	(0.43)	(0.06)
Average number of ordinary shares - basic and diluted	72,634,823	12,077,348	10,000,000
Total assets	714,506	2,049,059	33,848
Total long-term liabilities	68,871	70,794	6,215
Cash dividend declared per share	-	-	-

* EBITDA and Adjusted EBITDA are provided as a supplementary earnings measure to assist readers in determining the ability of the Company to generate cash from operations and to cover financial charges. They are also widely used for business valuation purposes. These measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA to which the Company adds share-based compensation and other infrequent items that do not result in any use of operating cash flows by the Company.

Reconciliation of EBITDA and Adjusted EBITDA

	December 31, 2015	December 31, 2014	December 31, 2013
	$	$	$
Net and comprehensive loss	(2,853,152)	(5,189,700)	(613,385)
Interest, net	(1,189)	84,723	-
Depreciation	6,439	7,549	3,765
EBITDA	(2,847,902)	(5,097,428)	(609,620)
Share-based compensation	152,265	747,570	107,136
Accretion on convertible debt	-	32,319	-
Loss on convertible debt conversion	-	1,503,845	-
Loss on write-off of related party loan	-	-	330,335
Stock exchange listing expense	-	1,040,913	-
Adjusted EBITDA	(2,695,637)	(1,772,781)	(172,149)

RESULTS OF OPERATIONS

Revenues

Revenue for the three months ended March 31, 2016 increased to $148,838, compared to $84,711 for the three months ended March 31, 2015. The sales and marketing activities in the fourth quarter of 2015 started to generate sales revenue in the first quarter of 2016.

Gross profit and cost of sales

Gross profit for the three months ended March 31, 2016 was $118,406 compared to $44,507 for the three months ended March 31, 2015. The increase in gross profit was mostly due to reduction of wages and salaries and increase of sales revenue. The Company's cost of sales for the three months ended March 31, 2016 decreased to $30,432, compared to $40,204 for the three months ended March 31, 2015.

Gross profit as a percentage of sales increased to 79.6% for the three months ended March 31, 2016 compared to 52.5% for the same period in 2015. The current web hosting and customer service costs can support a significantly larger customer base and revenues The Company expects gross margin as a percentage of sales will improve over time due to growth of high margin SaaS revenues from Platform³ and Snap³ and by attaining efficiencies through economies of scale.

General and administrative

General and administrative expenses for the three months ended March 31, 2016 decreased to $236,063, compared to $490,210 for the three months ended March 31, 2015. The main decrease is due to reduction of professional fees of $106,909, wages and salaries of $76,617, office expenses of $46,471, and consulting fees of $24,150 as the Company continue to cut costs.

Sales and marketing

Sales and marketing expenses include wages and salaries, consulting fees, travel expenses, and advertising and licenses. Sales and marketing expenses for the three months ended March 31, 2016 decreased to $186,881, compared to $200,745 for the three months ended March 31, 2015. The increase of consulting fees and advertising expenses were more than offset by the decrease of wages and salaries and travel expenses and thus resulted in overall decrease of sales and marketing expenses.

Research and development

Research and development ("R&D") expenditure for the three months ended March 31, 2016 decreased to $68,924, compared to $217,553 for the three months ended March 31, 2015. The decrease was mainly due to reduction of outsourcing R&D activities and internal R&D staff. Research and development expenses include wages and salaries and consulting fees.

Share-based compensation

Share-based compensation for the three months ended March 31, 2016 and 2015 was $13,881 and $56,573, respectively. The share-based compensation expense is a result of stock options that vested during the period for stock options granted to employees, directors and consultants.

Net and comprehensive loss

Net and comprehensive loss for the three months ended March 31, 2016 and 2015 was $387,142 and $908,349, respectively. The decrease in net and comprehensive loss was due to increased gross profit and reduction of operating expenses.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of results for the eight most recent quarterly periods.

For the quarter ended:	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Revenue	148,838	48,228	34,991	151,233
Gross profit	118,406	17,974	(13,930)	24,981
Net and comprehensive loss	(387,142)	(639,468)	(633,495)	(615,266)
Loss per share -basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of shares - basic and diluted	83,478,191	72,634,823	73,136,090	71,222,919

For the quarter ended:	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Revenue	84,711	66,253	120,097	44,900
Gross profit	44,507	37,882	13,903	13,924
Net and comprehensive loss	(964,922)	(3,734,249)	(507,291)	(503,075)
Loss per share -basic and diluted	(0.01)	(0.07)	(0.05)	(0.05)
Weighted average number of shares - basic and diluted	71,224,516	53,085,488	10,000,000	10,000,000

Revenue and gross profit margin for the quarter ended March 31, 2016 increased as the marketing effort throughout 2015 started to general sales revenue. As the Company continued to cut costs, the net and comprehensive loss for the quarter ended March 31, 2016 continued to narrow down.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is the risk of the Company not being able to meet its financial obligations as they become due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate.

The Company's objective is to maintain a strong capital base so as to maintain customer, supplier, investor, creditor, and market confidence and to sustain future development of the business and increase shareholder value through organic growth and strategic acquisitions. As at March 31, 2016, the Company had cash of $459,880 and accounts receivable of $83,182 as compared to cash balance of $644,513 and accounts receivable of $38,956 at December 31, 2015.

As of March 31, 2016, the Company's capital was $341,123 (December 31, 2015 - $394,383) and is defined by the Company as shareholders' equity. The Company's management believes it can issue new shares or raise new debt, increase sales, and improve existing products and develop new products to maintain or strengthen its capital structure. There were no changes in the Company's approach to capital management during the current year.

OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2016 and the date of the MD&A, the Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

During the three months ended March 31, 2016 and 2015, compensation of key management personnel and related parties were as follows:

	March 31, 2016	March 31, 2015
	$	$
Key management personnel remuneration and benefits	130,750	167,500
Share-based compensation	1,074	17,765
Total	131,824	185,265

The remuneration, fees and short-term benefits were allocated to cost of sales, general and administrative, and research and development expenses.

Key management personnel remuneration and benefits include salaries paid to Chief Executive Officer and Chief Technology Officer of the Company and consulting fees paid to Chief Financial Officer of the Company. The employment agreements with Chief Executive Officer and Chief Technology Officer and the consulting agreement with Chief Financial Officer have been ratified by the Board of Directors are reviewed periodically.

The Company has also entered into consulting agreements with two directors who provide corporate advisory services to the Company. The fees paid under these two consulting agreements have been included in the directors' fees. These two directors do not receive any additional cash compensation as directors of the Company.

As at March 31, 2016, $68,707 (December 31, 2015 - $68,871) was due to related parties. The amounts are non-interest bearing and unsecured. On August 29, 2014, the Company entered into debt settlement agreements with the related parties, whereby the Company will pay the outstanding amount of $70,794 within a 24-month period. The amounts are non-interest bearing and unsecured.

OUTSTANDING SHARE DATA

The following table summarizes the number of common shares outstanding, outstanding options and warrants as of the date of this MD&A and as at March 31, 2016 and December 31, 2015:

	May 30, 2016	March 31, 2016	December 31, 2015
Ordinary shares	90,142,292	86,475,626	82,508,960
Stock options	6,741,960	5,916,960	7,016,960
Warrants	12,492,480	10,659,146	8,825,812
Fully diluted shares	109,376,732	103,051,732	98,351,732

CRITICAL ACCOUNTING ESTIMATES

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014 and the notes thereto to gain a better understanding of the Company's accounting estimates. Accounting estimates are critical if they require the Company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and that different estimates that could have been used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on the Company's financial condition, changes in financial condition or financial performance. The accounting estimates that are determined to be critical are described below.

(i) Going concern – The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.

(ii) Revenue recognition – The Company derives revenues from several sources. Significant management judgements must be made in connection with and determination of the revenue to be recognized.

(iii) Share-based payments - The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, number of awards that will eventually vest, volatility, dividend yield and forfeiture rate and making assumptions about them. Expected volatility is estimated by considering historic average share price volatility of the Company and comparable companies for periods that exceeds the Company's trading.

CHANGES IN ACCOUNTING POLICIES

Adoption of new accounting standards

All significant accounting policies have been applied on a basis consistent with those applied in the most recent audited annual consolidated financial statements. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as at the date the Board of Directors approved and authorized to issue these condensed consolidated interim financial statements.

FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate. The Company believes that it will generate sufficient funds from operations and financing activities to cover the expected short and long term cash requirements

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional and reporting currency is the Canadian dollar. The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to the United States dollar ("USD") as some of the Company's revenues and expenses are in USD. To limit the impact of fluctuations of the Canadian dollar over the foreign currencies, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

Credit risk

Credit risk is the risk of a loss if counterparty to a financial instrument fails to meet its contractual obligations. Trade receivables are the most significant financial instrument that is exposed to credit risk. The Company provides credit to its customers in the normal course of operations. To minimize this risk, the Company grants credit to creditworthy customers and requires a portion of payment in advance. The Company believes that its exposure to credit risk is low, at present, due to a small number of customers. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

SUBSEQUENT EVENTS

On May 3, 2016, the Company completed a non-brokered private placement of 3,666,667 units of the Company at $0.075 per unit for gross proceeds of $275,000. Each unit consists of one common share of the Company and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.10 per warrant until May 3, 2018.

Subsequent to March 31, 2016, the Company approved the granting of 3,500,000 restricted share units to directors and consultants to the Company.

Subsequent to March 31, 2016, the Company granted 825,000 options to directors of the Company. These options have an exercise price of $0.075, vest upon grant, and expire on April 25, 2021.

Subsequent to March 31, 2016, the Company granted 50,000 options to a consultant of the Company. These options have an exercise price of $0.075, vest within six months from date of grant, and expire on May 9, 2021.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In particular, forward-looking statements in this MD&A include, but are not limited to, statements relating to information concerning 3TL and projected revenues and other statements that are not historical facts. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including 3TL's experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of 3TL.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "pro forma", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely", "goals", "milestones" or negative versions thereof, as applicable, and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond control of 3TL, affect operations, business, financial condition, performance and results of 3TL that may be expressed or implied by such forward-looking statements and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: limited operating history; competition; operating risks; risks related to a new and unproven market; reliance on management and dependence on skilled personnel; security breach risks; intellectual property risks; risks related to the market price of common shares and volatility; conflicts of interest of management; new laws and government restrictions; access to or restriction of the Internet; foreign financial, political, or economic risks; risks related to the conditions precedent to the closing of the Transaction; and other factors beyond the control of the Company.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management of 3TL, as applicable, currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, 3TL does not assume any obligation to update or revise any forward-

looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

For a more detailed discussion of certain of these risk factors, see "Risk Factors" in the Company's annual management discussion and analysis for the year ended December 31, 2015.

ADDITIONAL INFORMATION

Additional information about the Company can be found on SEDAR at www.sedar.com.