



3tl Technologies Corp.
(Formerly KCO Capital Inc.)

Management's Discussion & Analysis
For the Three and Nine Months Ended September 30, 2016
Dated November 29, 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 interim consolidated financial statements and the notes thereto for the three and nine months ended September 30, 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 November 29, 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 build and launch promotions and special offers on the mobile phone. These promotions are presented to consumers before they get into a store or when they are in the store aisle where most purchase decisions are made ("the moment of truth"). Promotions launched on PLATFORM³ are designed to engage consumers and influence purchasing decisions through their mobile devices and online. PLATFORM³ encompasses proprietary consumer engagement strategies and technology modules including Contest and Promotions, 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 PLATFORM³, 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 PLATFORM³ 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 Purchase Receipt Scanning as an additional module to PLATFORM³.

Growth Strategy.

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 Purchase Receipt Scanning as a module of PLATFORM³ enabled 3tl to provide an integrated mobile point-of-sale purchase influence, tracking and rewards solution, to consumer packaged goods (“CPG”) brands seeking to engage consumers and influence their purchase decisions in the store aisle on mobile devices. This mobile solution for in-store shopper marketing promotions provides a compelling value proposition for CPG's. Based on management's discussions with customers and potential customers, management believes that consumer packaged goods 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 the Fall of 2015, 3tl launched significant enhancements to several modules of PLATFORM³. These upgrades included:

- Launch of version 2.0 of Purchase Receipt Scanning the mobile shopper marketing module of PLATFORM³ in September 2015. Purchase Receipt Scanning version 2.0 which encompasses enhancements in accuracy and usability in each module of Purchase Receipt Scanning'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.

In the second half of 2015 3tl focused its sales and marketing resources on selling its SaaS shopper marketing solution to leading CPG brands in the U.S. The sales strategy combines direct sales and sales through advertising agencies that manage and develop shopper marketing programs for CPG brands. 3tl's PLATFORM³ was used to facilitate a number of short-term shopper marketing promotions in which leading CPG brands connected directly with consumers through mobile devices in retail stores. The Purchase Receipt Scanning module was used in these promotions enabling consumers to engage with CPG brands while they are in the store aisle, provide proof of purchase with their mobile devices and receive valuable rewards from the brand. The CPG brands also used PLATFORM³ to influence consumer's purchase decision and collect data about consumers who purchased their products. This data is used to deliver targeted rewards and coupons as an incentive for further purchases and to incentivize consumers for sharing brand friendly content through their social media networks. These promotions established a track record for 3tl of delivering results for leading CPG brands.

In 2016, 3tl is focusing 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 Purchase Receipt Scanning to major CPG companies. 3tl's sales team has been growing revenues and building a sales pipeline using the 2015 promotions as reference accounts at trade shows and in partnership with a growing number of advertising agencies. The success of the promotions to date has led to repeat business, and to larger and longer term license agreements.

3tl has made progress towards its goal of being a SaaS platform for advertising agencies and CPG brands looking for a way to connect consumers directly through mobile devices to influence purchasing decisions at the point-of-sale, reward consumers for sharing brand friendly content with their social media networks and collect big consumer data for ongoing targeted marketing.

The investment we have made in building a software platform that delivers a compelling value proposition to major consumer packaged goods brands has positioned 3tl to grow high margin recurring revenues and drive profitable growth as a leading SaaS digital marketing company.

Product Overview

Brands use PLATFORM3'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 PLATFORM3 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 PLATFORM3, detailed data can be captured including consumer demographics and purchasing behaviour.

PLATFORM3's newest module, Purchase Receipt Scanning, is able to scan purchase receipts and connect consumers to a purchase when they participate in a promotion. Promotions that use Purchase Receipt Scanning enable consumers to take a picture of their purchase receipt to validate the purchase of a specific brand product. Purchase Receipt Scanning 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 Purchase Receipt Scanning 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 PLATFORM3, 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. PLATFORM3's Rewards and Gamification module enables brands to incent the most influential and valued consumers.

PLATFORM3 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 PLATFORM3 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 PLATFORM3 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.

PLATFORM3 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 PLATFORM3 are Canada and the United States.

In practical terms, 3tl CPG brands use PLATFORM³ to influence, track and reward purchases through the mobile device. These capabilities increase revenues and customer loyalty by:

1. Connecting with consumers in the store aisle on mobile devices
2. Influencing purchase behaviour in the store aisle when most purchase decisions are being made at “the moment of truth”.
3. Activating and engaging consumers – Brands use marketing and promotion tools to create consumer engagement and interaction from mobile, web and social channels.
4. Track and validate purchases of the brand product – Brands use PLATFORM³'s receipt scanning capabilities to connect with consumers whom have purchased their products.
5. Capturing and mining data – Brands capture consumer engagement data to analyze and determine consumer behaviour and preferences.
6. Consumer segmentation – Consumers are segmented based on their interactions with the brand and demographics.
7. 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.
8. 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 engage consumers on mobile phones in the store aisle at “the moment of truth, influence their purchase decisions 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 PLATFORM³ are Canada and the United States.

Principal Products and Services

Clients of the Company can choose from several versions of PLATFORM³ 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 PLATFORM³ – (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 PLATFORM³'s core technology. Consumer interfaces generally encompass mobile and web-based microsites. Brands will be able to integrate PLATFORM³'s API with existing technology applications and infrastructure including mobile apps and CRM systems.

Brands can license single or multiple modules of PLATFORM3. These modules include:

- Purchase Receipt Scanning 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 Purchase Receipt Scanning to run shopper marketing promotions designed to engage consumers, influence their purchasing decisions and track their purchasing behaviours. A critical component of Purchase Receipt Scanning 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 Purchase Receipt Scanning 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.

Research and Development

3tl launched two new modules to PLATFORM3 in the third quarter of 2016, and is developing additional modules. These modules are based on specific needs and requests (product opportunities) the Company has aggregated from consumers and marketing executives of the leading CPG companies in the U.S. These modules are being designed based on 3tl's experience launching consumer promotions which hundreds of

thousands of consumers have interacted with. From this base of experience, 3tl has been exposed to compelling product opportunities - consumer and brands trends – that the Company plans to productize

These two new modules launched in the third quarter of 2016 were Targeted Couponing and Shopper Messaging:

Targeted Couponing

PLATFORM3's Targeted Couponing module enables brands to send valuable coupons to shoppers based on purchase behavior. Purchased behavior is gleaned from a receipt that consumers upload when participating in a promotion launched on PLATFORM3. This is a game-changer for CPG brands that wish to target and reward their highest-value shoppers. In the past, CPG companies had only been able to send generic coupons to consumers, because they did not have access to purchase data. Using Purchase Receipt Scanning Module in conjunction with PLATFORM3's Targeted Couponing module, CPG companies are able to send valuable coupons only to consumers that have purchased specific quantities at specific times from specific retailers.

PLATFORM3 integrates seamlessly with couponing systems that are being used by CPG companies to send out generic coupons. These systems are important to brands because they provide the required security to prevent coupon fraud. These systems include Coupons.com, Revtrax and Inmar. Integrating with these systems enables CPG companies to leverage and accelerate coupon distribution in a highly targeted manner.

This encompasses sending high value coupons based on purchase behavior:

- Specific product purchases
- Time-based
- Specific retailer
- Multiple products
- An aggregate dollar amount

PLATFORM3's Targeted Couponing module enables brands to leverage relationships with highly engaged shoppers who participate in a promotion. Targeted coupons can be embedded into the interface and messaging workflow of promotions including:

- Contest and promotion microsites
- Promotion email and text messaging workflows

Participants in promotions launched on PLATFORM3 are highly responsive to messages related to the promotion. Sending coupons based on purchase behavior to highly engaged consumers is a massive new opportunity for CPG brands.

Shopper Messaging

PLATFORM3's Shopper Messaging module is designed to establish ongoing dialogue and facilitate purchases with shoppers during and after a promotion to facilitate repeat purchases, purchases of other products, brand education and engagement. The module enables brands to send targeted messages to promotion participants.

Messaging starts when shoppers engage with a promotion launched on PLATFORM3 such as entering a contest or sweepstakes or scanning a purchase receipt for a reward.

Our experience shows that participants are highly responsive to promotion-based messages sent by email or SMS. Typical messaging to consumers who participate in a promotion might encompass:

- “Thanks for registering! Confirm your email here.”
- “We received your receipt. Give us 48 hours to validate.”
- “Congratulations! Your receipt has been validated!”

These shoppers are highly engaged and in many cases have already purchased the product, registered and uploaded a receipt. Messages can feature content and offers based on shopper behavior such as purchase amounts, content sharing and other engagement activities. Content can include targeted coupons, product offers, product recommendations, calls to action or reminders to repurchase.

Messaging options include:

- Embed product visuals into promotion response emails
- Activate automated reminder messaging based on product purchased and date. For example, if a shopper purchases a product that is generally consumed within three months, the module can send an automated message with a coupon or call to action to purchase again close to the end of the three-month period.
- Activate product pairing and recommendations based on purchases scanned from uploaded receipts
- Recommend products other customers have bought related to the purchase on the receipt
- Integrate Targeted Coupons based on shopper engagement and purchase behaviour.

3tl is currently developing additional modules including Free Sampling.

PLATFORM3's Free Sampling module is designed to encourage shoppers to try new products and provide feedback on them. In the past, getting consumers to sample new products has been a difficult and expensive challenge. Examples of these efforts can be commonly found in grocery stores where CPG brand reps set up tasting tables that encourage consumers to sample a new product. This effort is expensive and does not enable the CPG brand to collect any data on consumers and how they feel about the new product.

PLATFORM3's Free Sampling module is simple to launch for CPG brands. An in-store call to action encourages shoppers to purchase the product, take a picture of the receipt, answer a series of questions about the product and then receive a rebate in the form of a gift card, virtual Visa card or coupon. Consumers follow these simple instructions found in the store:

1. PURCHASE

Shopper makes a purchase at participating retailers.

2. SNAP

Shopper uploads picture of the receipt to a microsite.

3. FEEDBACK

Shopper fills out questionnaire regarding product. This can include testimonials, videos or pictures.

4. REBATE

Shopper receives reward of cash rebate, virtual Visa card, gift card or coupon.

PLATFORM3's Free Sampling module is much more cost efficient and easy to launch than in-store sampling programs. Brands can incentivize families to sample new products and provide valuable feedback.

Overall Performance

The Company's overall performance for the three months ended September 30, 2016:

- 3tl has licence agreements to provide PLATFORM³ for 38 shopper marketing promotions with leading CPG brands that will be completed or commence in 2016.

-. Revenue increased by 666% to \$267,968 compared to the same period in 2015.

- Gross margin as a percentage of revenue increased to 55% compared to a gross loss of 40% in same period in 2015..

- Increased the average value of license agreements including, the multi-year agreement with NBC Universal owned Fandango Rewards signed in the quarter ended June 30, 2016, and two agreements signed in the quarter ended September 30, 2016 for \$108,000 over ten weeks and for \$86,000 over two months, compared with short-term licenses averaging approximately \$15,000 earlier in 2016.

- launched two new modules to PLATFORM³ based on market experience and feedback, Targeted Couponing and Shopper Messaging:

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
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	\$	\$	\$
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 September 30, 2016 increased by 666% to \$267,968 and revenue for the nine months ended September 30, 2016 increased by 126% to \$610,402, compared to the same periods last year. The Company's revenue increase in the three and nine months ended September 30, 2016 was due to a larger number of license agreements delivered and a trend towards longer term and larger value license agreements compared to the same periods ended September 30, 2015.

The Company started 2016 with over 20 short-term licenses averaging approximately \$15,000 per license. These license agreements were with major brands and agencies, many of which are coming back for repeat business. The last three license agreements have been larger and with longer-term, including the multi-year agreement with NBC Universal owned Fandango Rewards signed in the quarter ended June 30, 2016, and two agreements signed in the quarter ended September 30, 2016 for \$108,000 over ten weeks and for \$86,000 over two months. The revenues from the Fandango Rewards agreement will be recognized over the two-year period, while the other two projects were completed and will be recognized in 2016. In the fourth quarter of 2016, 3tl is focused on securing longer-term license agreements, which are expected to launch and be recognized mostly in 2017.

Gross profit and cost of sales

Gross profit for the three and nine months ended September 30, 2016 increased to \$146,222 and \$425,407, respectively, compared to a gross loss of \$13,930 and gross profit of \$55,558 for the three and nine months ended September 30, 2015. The Company's cost of sales for the three and nine months ended September 30, 2016 increased to \$121,746 and dropped to \$184,995, respectively, compared \$48,921 and \$215,377 for the three and nine months ended September 30, 2015.

Gross margin as a percentage of sales increased to 55% and 70%, respectively, for the three and nine months ended September 30, 2016 compared to gross loss of 40% and gross margin 21% for the three and nine months ended September 30, 2015 due to the growth of high margin SaaS revenues from PLATFORM³ and Purchase Receipt Scanning and by attaining efficiencies through economies of scale. Gross margin as a percentage of sales in the quarter ended September 30, 2016 decreased compared to 83% in the quarter ended June 30, 2016 due to an increase in customer service expenses to prepare for an expected increase in customers and to a lower margin sale of third party services. Gross margin as a percentage of sales is expected to increase in future periods due to economies of scale and a higher proportion SaaS sales.

As the size and term of 3tl's agreements increase it is expected that some agreements will include a SaaS component with gross profit margins estimated at over 80%, and a lower margin managed services component. Our sales team is focused on maximizing high-margin SaaS revenues, but some of the major brands and agencies need some additional support to implement their digital marketing plans.

General and administrative

General and administrative expenses for the three and nine months ended September 30, 2016 decreased to \$184,527 and \$691,805, respectively, compared to \$360,324 and \$1,151,484 for the three and nine months ended September 30, 2015. The main decrease was due to reduction of employees, which decreased wages and salaries by \$134,154 and \$392,960 for the three and nine months ended September 30, 2016 from the same periods of the priory year.

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 September 30, 2016 increased to \$207,233 compared to \$148,641 for the three months ended September 30, 2015. The increase for the three months ended September 30, 2016 was due to increase of wages and salaries to \$92,819 compared to \$19,140 and increase of travel and entertainment expenses to \$11,595 compared to \$1,185 for the same period in 2015, due to increased sales resources hired during the first and second quarter on 2016 to accelerate sales and marketing activities. Consulting fees for the three months ended September 30, 2016 was reduced to \$74,541 from \$104,455 for the same period in 2015 as the Company continued its effort in controlling expenses. The Company increased expenditures on advertising by \$4,417 in the three months ended September 30, 2016 as compared to the three months ended September 30, 2015.

Sales and marketing expenses for the nine months ended September 30, 2016 remained relatively stable at \$539,111, compared to \$541,412 incurred in the same period ended September 30, 2015. For the nine months ended September 30, 2016, wages and salaries increased to \$217,735 compared to \$99,892 for the same period ended September 30, 2015. The increase in wages and salaries was offset by the decrease of consulting fees. For the nine months ended September 30, 2016, consulting fees decreased by \$133,629 compared to the same period in 2015. Travel expenses decreased by \$36,452 for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015. The Company increased expenditures on advertising by \$49,937 for the nine months ended September 30, 2016 as compared to the same period ended September 30, 2015.

Research and development

Research and development expenses include wages and salaries and consulting fees. Research and development ("R&D") expenditure for the three and nine months ended September 30, 2016 decreased to \$90,909 and \$250,358, respectively, compared to \$113,269 and \$492,633 for the three and nine months ended September 30, 2015, which was related to reduction of human resources and outsourcing activities. After more than four years of investment in R&D in PLATFORM³, 3tl is positioned to provide a digital marketing platform on a SaaS basis that provides a compelling value proposition to CPG brands while generating high-margin recurring revenues to the Company. In 2016, 3tl plans to launch additional modules and make improvements to PLATFORM³ based on customer needs, but will focus resources on sales, implementation and customer service. In the three month period ended September 30, 2016 3tl launched two new modules to PLATFORM³ based on market experience and feedback, Targeted Couponing and Shopper Messaging. 3tl expects that it will increase investments in R&D in 2017 to maintain and improve its product and enhance its competitive advantage, subject to available resources.

Share-based compensation

The share-based compensation expense, a non-cash item, is a result of stock options that vested during the period for stock options granted to employees, directors and consultants.

Share-based compensation for the three and nine months ended September 30, 2016 was \$62,271 and \$211,704, respectively, compared to \$14,229 and \$107,506 for the same periods ended September 30, 2015. The increase of share-based compensation was due to the revaluation of certain options which exercise prices have been amended.

At the annual general and special meeting of shareholders of the Company held on June 28, 2016, shareholders approved and ratified the amendment of exercise price of options previously granted to certain directors, officers, other insiders of the Company, as well as employees, consultants and representatives of the Company, to reduce the exercise price of options that have an exercise price higher than \$0.075 to an exercise price of \$0.075.

In accordance with IFRS 2 Share-based Payment, the incremental increase of the fair value of \$52,615 of the fully vested options were recognized immediately in the three months ended June 30, 2016 and \$7,345 to be recognized or over the remainder of the original vesting periods.

Net and comprehensive loss

Net and comprehensive loss for the three and nine months ended September 30, 2016 was \$395,264 and \$1,263,017 compared to \$633,495 and \$2,213,681 for the three and nine months ended September 30, 2015. This decrease was due to overall decrease in general and administrative, sales and marketing, and research and development related to cost reduction efforts.

Reconciliation of Quarterly EBITDA and Adjusted EBITDA

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.

The following is the EBITDA and adjusted EBITDA information for the three and nine months ended September 30, 2016 and 2015.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue	267,968	34,991	610,402	270,095
Gross profit	146,222	(13,930)	425,407	55,558
Net and comprehensive loss	(395,264)	(633,495)	(1,263,017)	(2,213,681)
EBITDA *	(393,974)	(631,885)	(1,259,499)	(2,208,851)
Adjusted EBITDA *	(331,703)	(617,656)	(1,047,795)	(2,101,345)

Reconciliation of EBITDA and Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$

Net and comprehensive loss	(395,264)	(633,495)	(1,263,017)	(2,213,681)
Depreciation	1,290	1,610	3,518	4,830
EBITDA	(393,974)	(631,885)	(1,259,499)	(2,208,851)
Share-based compensation	62,271	14,229	211,704	107,506
Adjusted EBITDA	(331,703)	(617,656)	(1,047,795)	(2,101,345)

SUMMARY OF QUARTERLY RESULTS

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

For the quarter ended:	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenue	267,968	193,597	148,838	48,228
Gross profit	146,222	160,781	118,406	17,974
Net and comprehensive loss	(395,264)	(480,607)	(387,142)	(639,468)
Loss per share -basic and diluted	(0.00)	(0.01)	(0.00)	(0.01)
Weighted average number of shares - basic and diluted	90,942,292	88,953,281	83,478,191	72,634,823

For the quarter ended:	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenue	34,991	151,233	84,711	66,253
Gross profit	(13,930)	24,981	44,507	37,882
Net and comprehensive loss	(633,495)	(615,266)	(964,922)	(3,734,249)
Loss per share -basic and diluted	(0.01)	(0.01)	(0.01)	(0.07)
Weighted average number of shares - basic and diluted	73,136,090	71,222,919	71,224,516	53,085,488

Revenue for the quarter ended September 30, 2016 continued to increase as the marketing effort throughout 2015 and 2016 started to generate sales revenue. As the Company continued to cut costs, the net and comprehensive loss, net of share-based compensation, for the quarter ended September 30, 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 September 30, 2016, the Company had cash of \$166,079 and accounts receivable of \$136,821 as compared to cash balance of \$644,513 and accounts receivable of \$38,956 at December 31, 2015.

As of September 30, 2016, the Company's capital deficiency was \$62,929 defined by the Company as shareholders' equity (December 31, 2015 – shareholders' equity of \$394,383). 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.

Subsequent to September 30, 2016, on November 24, 2016, the Company completed a non-brokered private placement of 20,003,304 units of the Company at \$0.05 per unit for gross proceeds of \$1,000,165.20. 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 \$0.075 per warrant until November 24, 2018. Finder's fee of \$ \$61,544 was paid from the gross proceeds.

OFF BALANCE SHEET ARRANGEMENTS

As at September 30, 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 and nine months ended September 30, 2016 and 2015, compensation of key management personnel and related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Key management personnel remuneration and benefits	105,000	93,500	308,250	361,000
Directors' fees	38,500	40,000	111,500	120,000
Share-based compensation	51,020	15,562	136,299	33,328
Total	194,520	149,062	556,049	514,328

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 and are reviewed periodically.

The Company has also entered into a consulting agreement with one director who provides corporate advisory services to the Company. The fees paid under the consulting agreement have been included in the directors' fees. This director does not receive any additional cash compensation as director of the Company.

As at September 30, 2016, \$28,707 (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 within a 24-month period. The related parties agreed to extend the repayment of remaining debt to December 31, 2017, subject to available funds generated from operations or equity financing.

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 September 30, 2016 and December 31, 2015:

	November 29, 2016	September 30, 2016	December 31, 2015
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Ordinary shares	110,945,596	90,942,292	82,508,960
Stock options	7,716,960	7,676,960	7,016,960
Warrants	21,281,820	12,214,776	8,825,812
Fully diluted shares	139,944,376	110,834,028	98,351,732

Subsequent to September 30, 2016, on November 24, 2016, the Company completed a non-brokered private placement of 20,003,304 units of the Company at \$0.05 per unit for gross proceeds of \$1,000,165.20. 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 \$0.075 per warrant until November 24, 2018. In connection with the non-brokered private placement, 10,001,652 share purchase warrants were issued. The company is entitled to accelerate the expiry of the share purchase warrants to the date that is 30 days following the date a news release is issued announcing the accelerated expiry date in the event that the volume weighted average price of the Shares has been equal to or greater than \$0.15 for any ten consecutive trading days after March 25, 2017 but on or prior to November 24, 2018.

Subsequent to September 30, 2016, the Company granted 40,000 options to employees of the Company. These options have an exercise price of \$0.075, vest quarterly over three years from date of grant, and expiry dates of October 4, 2021 to November 1, 2021.

Subsequent to September 30, 2016, 934,608 warrants granted on October 30, 2014 expired.

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, 2015 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 interim consolidated financial statements are based on IFRS issued and outstanding as at the date the Board of Directors approved and authorized to issue these condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet 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

Subsequent to September 30, 2016, on November 24, 2016, the Company completed a non-brokered private placement of 20,003,304 units of the Company at \$0.05 per unit for gross proceeds of \$1,000,165.20. 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 \$0.075 per warrant until November 24, 2018. In connection with the non-brokered private placement, 10,001,652 share purchase warrants were issued. The company is entitled to accelerate the expiry of the share purchase warrants to the date that is 30 days following the date a news release is issued announcing

the accelerated expiry date in the event that the volume weighted average price of the Shares has been equal to or greater than \$0.15 for any ten consecutive trading days after March 25, 2017 but on or prior to November 24, 2018.

Subsequent to September 30, 2016, the Company granted 40,000 options to employees of the Company. These options have an exercise price of \$0.075, vest quarterly over three years from date of grant, and expiry dates of October 4, 2021 to November 1, 2021.

Subsequent to September 30, 2016, 934,608 warrants granted on October 30, 2014 expired. .

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.