

Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

Mobi724 Global Solutions Inc.**Condensed Interim Consolidated Financial Statements (Unaudited)
For the three-month periods ended March 31, 2016 and 2015**

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)
For the three-month periods ended March 31, 2016 and 2015

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Mobi724 Global Solutions Inc.**Condensed Interim Consolidated Statements of Financial Position (Unaudited)****As at March 31, 2016 and December 31, 2015**

(in Canadian dollars)

	March 31, 2016	December 31, 2015
	\$	\$
ASSETS		
Current assets		
Cash		430 979
Short-term investments	39 425	39 425
Trade and other receivables (Note 5)	853 943	215 783
Prepaid expenses	170 991	21 498
	1 064 359	707 685
Non-Current assets		
Investment accounted for using the equity method		993 095
Property and equipment	7 528	10 469
Intangible assets (Note 6)	2 597 150	2 540 486
Goodwill (Note 6)	4 478 160	3 139 191
	7 082 838	6 683 241
	8 147 197	7 390 926
LIABILITIES		
Current liabilities		
Bank overdraft	43 312	
Accounts payable and accrued liabilities (Note 7)	2 676 037	2 081 212
Liability for the acquisition of non-controlling interest of Solutions Mobi724 Inc. (Notes 10)	556 895	438 000
Convertible debt (Note 8)	1 506 777	2 036 386
Demand debt, 6% to 18% interest	626 319	100 000
Current portion of long-term debt	34 428	34 428
	5 443 768	4 690 026
Non-Current liabilities		
Long-term debt	119 471	117 779
Contingent consideration payable (Note 4)	750 000	750 000
Deferred income taxes	311 480	345 460
	6 624 719	5 903 265
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	20 317 544	19 038 170
Other equity accounts (Note 9)	7 894 463	8 186 308
Equity component of convertible debt (Note 9)	124 929	230 184
Deficit	(26 871 494)	(25 907 905)
Cumulative translation account	57 036	(59 096)
Total equity attributable to shareholders of the Company	1 522 478	1 487 661
Total liabilities and shareholder equity	8 147 197	7 390 926
Going concern (Note 2)		
Events after the reporting period (Note 14)		

On behalf of the Board of Directors,

(S) Marcel Vienneau

Marcel Vienneau, CEO

(S) Luc Charbonneau

Luc Charbonneau, CFO

The accompanying notes are an integral part of these consolidated financial statements.

Mobi724 Global Solutions Inc.**Condensed Interim Consolidated Statements of Net Income (Unaudited)**

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars)

	March 31, 2016	March 31, 2015
	\$	\$
Revenues	557 385	88 108
Operating expenses		
Share-based payments expense (Note 9)	3 306	72 245
Salaries and benefits	570 954	345 698
Contract labor	133 955	80 497
Computer software development	72 323	113 921
Travel	63 492	51 062
Professional fees	69 255	113 789
Office expense	127 022	116 750
Marketing and promotion	29 863	6 023
Filing fees	11 835	4 755
Purchases	28 542	9 000
Gain on settlement of liabilities	(75 600)	(536)
Foreign exchange loss (gain)	(981)	5 303
Depreciation of property and equipment	3 832	19 197
Amortization of intangible assets (Note 6)	218 677	145 751
Total operating expenses	1 256 475	1 083 455
Operating loss	(699 090)	(995 347)
Net financial expenses (income)	298 479	3 370 979
Net loss before income taxes	(997 569)	(4 366 326)
Recovery of deferred tax	(33 980)	(33 980)
	(33 980)	(33 980)
Net loss	(963 589)	(4 332 346)
Loss per share (Note 12)		
Basic and diluted	(0,01)	(0,10)
Weighted average number of outstanding common shares (Note 12)		
Basic and Diluted	99 196 720	45 071 271

The accompanying notes are an integral part of these consolidated financial statements.

Mobi724 Global Solutions Inc.**Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)****For the three-month periods ended March 31, 2016 and 2015**

(in Canadian dollars)

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	\$	\$
Net loss	(963 589)	(4 332 346)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods		
Cumulative translation adjustment	116 132	1 766
Comprehensive loss	<u>(847 457)</u>	<u>(4 330 580)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
For the three-month periods ended March 31, 2016 and 2015
(in Canadian dollars except share and per share amounts)

	Share capital Number	Share capital \$	Other equity accounts \$	Equity component of convertible debt \$	Deficit \$	Cumulative translation adjustment \$	Total equity \$
Balance December 31, 2015	94 152 482	19 038 170	8 186 308	230 184	(25 907 905)	(59 096)	1 487 661
Net loss for the period							
Other comprehensive income (loss)					(963 589)	116 132	(963 589)
Comprehensive income (loss) for the period					(963 589)	116 132	(847 457)
Conversion of convertible debt	2 854 996	734 223		(105 255)			628 968
Exercise of warrants	3 030 303	545 151					545 151
Warrants issued during the period			(295 151)				(295 151)
Share-based payments			3 306				3 306
	5 885 299	1 279 374	(291 845)	(105 255)			882 274
Balance March 31, 2016	100 037 781	20 317 544	7 894 463	124 929	(26 871 494)	57 036	1 522 478

The accompanying notes are an integral part of these consolidated financial statements.

Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

	Share capital Number	Share capital \$	Other equity accounts \$	Equity component of convertible debt \$	Deficit \$	Cumulative translation adjustment \$	Total \$
Balance December 31, 2014	44 514 438	14 288 362	6 807 656	1 022 292	(24 029 937)	(43 468)	(1 955 095)
Net loss for the year							
Other comprehensive loss					(4 332 346)	1 766	(4 332 346)
Comprehensive loss for the year					(4 332 346)	1 766	(4 330 580)
Conversion of convertible debt (Note 7)	996 859	480 618	55 000	(71 400)			464 218
Settlement of liabilities	250 000	27 500					27 500
Share-based payments (Note 8)			72 245				72 245
Issuance of convertible debt				140 487			140 487
	1 246 859	508 118	127 245	69 087			704 450
Balance March 31, 2015	45 761 297	14 796 480	6 934 901	1 091 379	(28 362 283)	(41 702)	(5 581 225)

The accompanying notes are an integral part of these consolidated financial statements.

Mobi724 Global Solutions Inc.**Condensed Interim Consolidated Statements of Cash Flows (Unaudited)**

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars)

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	\$	\$
OPERATING ACTIVITIES		
Net loss	(963 589)	(4 332 346)
Adjustments for items not involving cash		
Depreciation of property and equipment	3 832	19 197
Amortization of intangible assets	218 677	145 751
Share-based payments expense	3 306	72 245
Gain on settlement of liabilities	(75 600)	
Fair value adjustment on liability for the acquisition of the non- controlling interest of Mobi	118 895	3 142 896
Accretion expense on convertible debt	99 359	115 133
Interest on convertible debt		86 876
Recovery of deferred taxes	(33 980)	(33 980)
	<u>(629 100)</u>	<u>(784 228)</u>
Change in non-cash working capital items	<u>(367 992)</u>	<u>270 440</u>
	<u>(997 092)</u>	<u>(513 788)</u>
INVESTING ACTIVITIES		
Acquisition of property and equipment	(891)	
Acquisition of intangibles assets		(7 281)
	<u>(891)</u>	<u>(7 281)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	1 692	
Repayment of long-term debt		(8 607)
Proceeds from demand debt	272 000	50 000
Repayment of demand debt		(138 485)
Proceeds from issue of convertible debt		372 500
Proceeds from exercise of warrants	250 000	
	<u>523 692</u>	<u>275 408</u>
Effect of the exchange rate changes on cash		4 182
Variation in cash during the year	<u>(474 291)</u>	<u>(241 479)</u>
Cash, beginning of the year	430 979	289 182
Cash, end of the year	<u>(43 312)</u>	<u>47 703</u>

The accompanying notes are an integral part of these consolidated financial statements.

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

1 - STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Mobi724 Global Solutions Inc. (the "Company" or "Mobi724") was incorporated under the Business Corporations Act (Alberta) on February 8, 2005. On February 13, 2015, the Company changed its corporate name from Hybrid Paytech World Inc. to Mobi724 Global Solutions Inc. The Company's registered office and its head office is located at 257 Sherbrooke Street East, Suite 400, Montreal, Quebec H2X 1E3. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries First Equity Strategy LLC ("First Equity"), incorporated in the State of Delaware, Hybrid-PayTech Asia Inc. incorporated in the Philippines (until the loss of control in 2014, see Note 2 e) iii)), Hybrid-PayTech Asia Pacific (HK) Limited, incorporated in Hong Kong, Vault Acquiring Solutions LLC, incorporated in the state of Delaware, USA, Mobi724 Asia Inc., incorporated in the Philippines and Solutions Mobi724 Inc. (51% in 2014), incorporated under the Corporations Act (Canada) including Solutions Mobi724 Inc.'s fully owned subsidiary, Mobi724 Solutions S.R.L., incorporated in Argentina, I.Q. 7/24 Inc., incorporated under the Corporations Act (Canada). The Company is a technology leader in digital incentives (such as mobile couponing and loyalty rewards), payment solutions (including mobile payments) and digital marketing, loyalty and data analytics. Mobi724 is a provider of payment, couponing / rewards and loyalty transactions for both online and offline points of sale.

The common shares of Mobi724 are traded under the symbol "MOS" on the Canadian Securities Exchange ("CSE").

2 - BASIS OF PREPARATION AND GOING CONCERN

a) Statement of compliance

These condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required in the full annual financial statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company's interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2015.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2016.

The preparation of financial data is based on accounting principles and methods of computation consistent with those used in the preparation of the audited annual financial statements as at December 31, 2015.

Other new or amended accounting standards had no significant impact on the Company's accounting methods.

b) Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis in compliance with IFRS. A going concern basis contemplates the realization of the carrying value of assets and the settlement of liabilities in the normal course of business as they come due, which is dependent on future events including amongst other things, attaining a satisfactory revenue level from its Mobile POS technology system and e-couponing solutions, attainment of profitable operations, the generation of cash from operations and the ability to secure new financing arrangements and new capital to carry out its business plan. These matters are dependent on a number of items outside of the Company's control and there exists material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company has generated limited revenues since inception and has generated losses from operations totaling \$776,009 for the three months ended March 31, 2016, and an accumulated deficit of \$26,809,144 since the Company's inception on February 8, 2005. As at March 31, 2016, the Company's committed cash obligations and expected level of expenses for the next twelve months exceeds its committed sources of funds even after taking into consideration on the conversion of debt into capital and the financing received subsequent to March 31, 2016.

During the period ended March 31, 2016, the Company received \$250,000 in additional funds from warrants exercised. The Company is currently attempting to raise additional financing.

The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of the carrying amounts of assets or the amount and classification of liabilities that might result if the Company is unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

3 - ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company's management have yet to assess the impact of IFRS 9 on these condensed interim consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Company's management have not yet assessed the impact of IFRS 15 on these condensed interim consolidated financial statements.

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

4 - BUSINESS COMBINATIONS

Acquisition of IQ 7/24 Inc.

On January 1, 2016, in an effort to further its business objectives, the Company amended its acquisition agreement whereby the Company acquired 100% of the common shares of IQ 7/24 Inc. ("IQ"), a company operating in Montreal, Canada. As part of the original agreement signed on December 22, 2015, the previous shareholders maintained control of the Company until the occurrence of certain future events. The agreement was subsequently modified, giving the Company control over IQ effective January 1, 2016.

The Company invested \$250,000 as at December 31, 2015 for the acquisition of 16.67 shares of IQ and has acquired 100 additional shares of IQ for contingent consideration to be determined based on a formula using the results of IQ and the Company for the years ended December 31, 2017 or December 31, 2017 and December 31, 2018. The previous shareholders of IQ can elect to have their balance of purchase price paid either by shares of the Company or a combination of shares and cash. In the case of nonpayment by the Company, the previous shareholders of IQ have maintained certain rights.

The following table summarizes the estimated fair value of assets acquired and liabilities assumed at the acquisition:

	\$
Assets acquired	
Current assets	260 327
Intangible assets	275 341
Goodwill	1 338 969
	<u>1 874 637</u>
Liabilities assumed	
Current liabilities	874 637
Fair value of net assets acquired	1 000 000
Consideration :	
Acquisition of 16.67 shares of IQ	250 000
Estimate of contingent consideration payable	750 000
	<u>1 000 000</u>

As at March 31, 2016, the Company has not finalized the purchase price allocation.

The consolidated financial statements include the results of IQ for the period from January 1, 2016, the acquisition date. From the date of acquisition, IQ contributed approximately \$422,470 to total revenue and approximately 41,547\$ to the net loss of the Company.

Acquisition of Mobi

On July 12, 2013, in an effort to further its business objectives, the Company acquired 51% of the common shares of Solutions Mobi724 Inc. ("Mobi"), a Canadian company, for a purchase consideration of \$1,396,500 payable through the issuance of 1,078,455 common shares. The acquisition was accounted for by the Company using the acquisition method set out in IFRS 3, Business Combinations. The balance sheet and the results of operations of Mobi have been consolidated with the Company as of July 12, 2013.

On July 12, 2014, one year after the closing date, the Company was to purchase the remaining Mobi shares from the remaining Mobi shareholders at an evaluation price determined, at that time, as per the contractual agreement, and mostly based on expected future revenues of Mobi. The purchase date of the remaining Mobi shares was extended to 2015. At acquisition date, because the Company has an obligation to acquire the non-controlling interest of Mobi, the Company recorded a liability, at fair value, for the future acquisition of the remaining Mobi share.

Mobi724 Global Solutions Inc.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three-month periods ended March 31, 2016 and 2015****(in Canadian dollars except share and per share amounts)**

During the year ended December 31, 2014, the purchase price allocation was completed. The completion did not result in any modifications to the preliminary purchase price allocation. The Company also entered into an amendment to the acquisition agreement that modified the terms of the obligation to acquire the non-controlling interest of Mobi. The liability is to be settled by issuing the remaining Mobi shareholders a certain number of shares of the Company that will ensure the remaining Mobi shareholders a fixed percentage ownership of the Company. During the year ended December 31, 2015, 14,493,174 shares were issued having a value of \$869,584. Approximately 7,960,000 shares will be issued in 2016 to settle the remaining liability.

5 - TRADE AND OTHER RECEIVABLES

	March 31, 2016	December 31, 2015
	\$	\$
Trade receivables	460 362	84 384
Sales tax receivable	58 588	57 618
Amount receivable from an officer	75 167	73 781
Amount receivable for warrants exercised ¹	250 000	
Other receivable	9 826	
	<u>853 943</u>	<u>215 783</u>

¹ On March 31, 2016, warrants were exercised for an amount of \$250,000 and the payment was received in April 2016 generating a receivable of \$250,000 on March 31, 2016.

Mobi724 Global Solutions Inc.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three-month periods ended March 31, 2016 and 2015
(in Canadian dollars except share and per share amounts)
6 - INTANGIBLE ASSETS

	Licenced software	Software technology	EMV payment switch	Patents	Total intangibles	Goodwill
	\$	\$	\$	\$	\$	\$
Cost						
Balance January 1, 2016	1	2 894 541	1 028 441	80 378	4 003 360	3 139 191
Acquisition, through business combination		275 341			275 341	1 338 969
Balance March 31, 2016	1	3 169 882	1 028 441	80 378	4 278 701	4 478 160
Accumulated amortization and impairment						
Balance January 1, 2016		1 412 121	36 730	14 023	1 462 874	
Amortization		177 816	39 177	1 684	218 677	
Balance March 31, 2016		1 589 937	75 907	15 707	1 681 551	—
Net Book Value March 31, 2016	1	1 579 945	952 534	64 671	2 597 150	4 478 160
	Licenced software	Software technology	EMV payment switch	Patents	Total intangibles	Goodwill
	\$	\$	\$	\$	\$	\$
Cost						
Balance January 1, 2015	1	2 889 675	1 028 441	80 378	3 998 495	3 139 191
Additions, internally produced			7 281		7 281	
Balance March 31, 2015	1	2 889 675	1 035 722	80 378	4 005 776	3 139 191
Accumulated amortization and impairment						
Balance January 1, 2015		829 979		7 285	837 264	
Amortization		143 987		1 764	145 751	
Balance March 31, 2015	—	973 966	—	9 049	983 015	—
Net Book Value March 31, 2015	1	1 915 709	1 035 722	71 329	3 022 761	3 139 191

Amortization of the EMV payment switch started on October 1, 2015.

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	December 31, 2015
	\$	\$
Accounts payable and accrued liabilities	2 225 586	1 570 498
Salaries and related benefits	200 451	260 714
Liability for third party garnishment resulting from assumption of judgment against former directors (a)	250 000	250 000
	<u>2 676 037</u>	<u>2 081 212</u>

(a) In February 2014, the Company assumed a liability in the amount of \$1,000,000 for the settlement of a judgement rendered by the Quebec Superior Court issued on December 4, 2013 against two former directors and founders of the Company and the Company with respect to a garnishment issued against the Company pursuant to a judgement issued against the former directors and founders. An amount of \$750,000 was paid at signing in February 2014, and the balance including interest to be paid no later than June 27, 2014. As at December 31, 2015 and March 31, 2016 an amount of \$250,000 remains payable.

8 - CONVERTIBLE DEBT

2015 Unsecured Convertible Debentures

During the three month period ended March 31, 2016, debentures, for an aggregate amount of \$650,778 (capital and accrued interest), have been converted into 2,854,996 common share.

The following tables summarize the components of the convertible debt:

	Liability component	Embedded conversion option reserve	Embedded warrant reserve	Total equity component	Total
	\$	\$	\$	\$	\$
Balance, January 1, 2016	2 036 386	214 487	15 697	230 184	2 266 570
Interest and accretion interest expense	99 359				99 359
Convertible debt converted during the period	(628 968)	(105 255)		(105 255)	(734 223)
Balance, March 31, 2016	<u>1 506 777</u>	<u>109 232</u>	<u>15 697</u>	<u>124 929</u>	<u>1 631 706</u>

9 - SHAREHOLDERS' EQUITY

a) Share Capital Authorized

Unlimited number of common voting shares.

Unlimited number of preferred shares without nominal value or par value, which may be issued in one or more series, the directors having been authorized to determine the designation rights, privileges, restrictions and conditions attached to the shares of

All shares issued are fully paid.

Mobi724 Global Solutions Inc.
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

Movements in the Company's share capital are as follows:

	Number of common shares	Amount \$
Balance, December 31, 2015	94 152 482	19 038 170
Shares issued for conversion of convertible debt ¹	2 854 996	734 223
Exercise of warrants ²	3 030 303	545 151
Balance, March 31, 2016	<u>100 037 781</u>	<u>20 317 544</u>
Balance, December 31, 2014	44 514 438	14 288 362
Shares issued for conversion of convertible debt	996 859	480 618
Shares issued for settlement of liabilities	250 000	27 500
Balance, March 31, 2015	<u>46 056 448</u>	<u>14 796 480</u>

¹ Share issued for conversion of convertible debt

During the three month period ended March 31, 2016, Unsecured Convertible Debenture, for an aggregate amount of \$734,223.

² Shares issued on warrants exercised

During the three month period ended March 31, 2016, a total of 3,030,303 warrants were exercised for a cash consideration of \$250,000 (exercise price at \$0.0825). An amount of \$295,151 from the exercise of the warrants was reclassified from warrant reserve to share capital.

b) Share Purchase Options

The Company has adopted an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and other key personnel of the Company, options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years. The stock options vest over a period of time approved by the Board of Directors. The price per common share, which is defined by the CSE at the date of grant, and the number of common shares, which is determined by the members of the board, may be allotted to each director, officer, employee or other key personnel of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

	For the three-month period ended March 31, 2016		For the three-month period ended March 31, 2015	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of year	7 086 000	0,82	3 273 393	0,82
Forfeited			(343 081)	0,89
Expired			(480 161)	1,02
Balance, end of year	<u>7 086 000</u>	<u>0,82</u>	<u>2 450 151</u>	<u>0,77</u>
Exercisable options	<u>6 437 667</u>	<u>0,26</u>	<u>2 345 151</u>	<u>0,76</u>

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Outstanding options as at March 31, 2016 are as follows:

Range of exercise prices	Weighted average residual life span (in years)	Outstanding options	Weighted average exercise price	Exercisable options	Weighted average price
0,15	2,91	4 355 000	0,15	4 355 000	0,15
0,25	1,68	420 000	0,25	420 000	0,25
0,35	1,68	916 000	0,35	916 000	0,35
0,50	0,99	830 000	0,50	276 667	0,50
0,96	0,58	565 000	0,96	470 000	0,96
0.15 to 0.96	2,84	7 086 000	0,82	6 437 667	0,26

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Expiry date	Exercise price	Share options	
		March 31, 2016	March 31, 2015
October 17, 2015			35 000
December 4, 2015			158 484
September 8, 2016	0,15	300 000	
October 30, 2016	0,96	565 000	1 201 667
February 28, 2017	0,50	180 000	180 000
May 14, 2017	0,50		200 000
July 10, 2017	0,50	650 000	675 000
December 4, 2017	0,35	916 000	
December 4, 2017	0,25	420 000	
December 4, 2017	0,15	300 000	
September 8, 2018	0,15	550 000	
December 9, 2018	0,15	1 005 000	
December 9, 2020	0,15	2 200 000	
		7 086 000	2 450 151

For the period ended March 31, 2016, none of the share options were exercised (none in 2015).

An amount of \$3,306 has been expensed as share-based payment awards for the period ended March 31, 2016 (\$72,245 for 2015). The offsetting credit has been recorded as option reserve. The stock based compensation expense was calculated according to the weighted average fair value of options granted based on the Black-Scholes valuation model.

c) Other equity accounts

	March 31, 2016	December 31, 2015
	\$	\$
Contributed Surplus	7 056 264	6 378 488
Option reserve	792 944	789 638
Warrant reserve	45 255	1 018 182
	7 894 463	8 186 308
	March 31, 2016	December 31, 2015
	\$	\$
Contributed surplus		
Balance, beginning of year	6 378 488	2 339 107
Warrant expired/cancelled during the year	677 776	2 609 185
Stock options expired or forfeited		1 251 965
Extinguished conversion option		178 231
Balance, end of year	7 056 264	6 378 488

Mobi724 Global Solutions Inc.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three-month periods ended March 31, 2016 and 2015****(in Canadian dollars except share and per share amounts)**

	March 31,	December 31,
	2016	2015
<i>Option reserve</i>	\$	\$
Balance, beginning of year	789 638	1 759 010
Stock based payments	3 306	282 593
Stock options expired or forfeited		(1 251 965)
Balance, end of year	792 944	789 638

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

Warrants reserve

	March 31, 2016			December 31, 2015		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
	\$		\$	\$		\$
			Amount			Amount
Warrants issued and outstanding						
Balance, beginning of the period	15 367 845		1 018 182	10 793 145		2 709 539
Expired/cancelled during the period	(10 229 951)		(677 776)	(10 393 397)		(2 609 185)
Issued during the period	(3 030 303)		(295 151)	14 968 097		917 828
Balance, end of the period	2 107 591		45 255	15 367 845		1 018 182
						0.28

During the three-month period ended March 31, 2016, no warrants were issued.

During the three-month period ended March 31, 2015, 747,645 warrants were issued in connection with the conversion of convertible debt and were recorded in warrant reserve at the value attributed to them at the time of the issue of the convertible debt.

Mobi724 Global Solutions Inc.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

10 - FINANCIAL INSTRUMENTS

The Company is exposed to a certain number of risks at different levels.

a) Measurement categories

The following table shows the carrying values of assets and liabilities for each of these categories as at March 31, 2016 and 2015.

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	\$	\$
Assets		
Loans and receivables		
Cash		47 703
Short-term investments	39 425	39 425
Trade and other receivables (excluding sales taxes receivable)	795 355	57 356
Total loans and receivables	834 780	144 484
Fair value		
Financial derivative asset		
Liabilities		
Amortized cost		
Accounts payable and accrued liabilities (excluding salaries and related benefits)	2 475 586	3 235 975
Convertible debt	1 506 777	3 119 566
Demand debt	626 319	90 657
Long term debt	153 899	161 316
Contingent consideration payable	750 000	750 000
Total amortized cost	2 286 995	6 607 514
Fair Value		
Liability for the acquisition of non-controlling interest of Mobi	556 895	2 095 264

b) Fair value

The net carrying amount of the cash, short-term investments, trade and other receivables (excluding non-financial assets) and accounts payable and accrued liabilities (excluding non-financial liabilities) is considered a reasonable approximation of fair value since all amounts are short-term in nature.

The fair values of the convertible debt and demand debt are approximately equal to their carrying value due to their short-term maturity dates. The fair value of the long-term debt is not significantly different than its carrying amount.

The estimated fair value of the liability for the acquisition of non-controlling interest of Mobi is categorized within Level 1 of the fair value hierarchy. The fair value was determined based on an estimated number of common shares to be issued to the remaining shareholders of Mobi times the share price of the Company as at March 31, 2016 and December 31, 2015.

The reconciliation of the liability for the acquisition of non-controlling interest of Mobi is as follows:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	\$	\$
Opening balance	438 000	6 110 388
Partial settlement of liability		
Fair value adjustment on liability	118 895	(4 015 124)
Ending balance	556 895	2 095 264

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

11 - RELATED PARTY TRANSACTIONS

The following table summarizes the transactions and balances outstanding with related parties of the Company:

*Related party transactions***Transactions:**

Rent paid to company controlled by significant shareholder

<u>March 31, 2016</u>	<u>March 31, 2015</u>
\$	\$
31 443	28 210
<u>31 443</u>	<u>28 210</u>

Balances outstanding:

Amounts due to officers and directors

Amounts due to (from) persons that are significant shareholders and founders of the Company

Demand debt due to director and significant shareholder

Convertible debt due to a directors and significant shareholder

<u>March 31, 2016</u>	<u>March 31, 2015</u>
\$	\$
53 246	11 498
	278 899
	80 000
<u>53 108</u>	<u>400 000</u>
<u>106 354</u>	<u>770 397</u>

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

Management fees, commissions and salaries
Share-based payments compensation

<u>March 31, 2016</u>	<u>March 31, 2015</u>
\$	\$
296 900	
<u>3 306</u>	
<u>300 206</u>	

12 - LOSS PER SHARE**a) Basic**

Basic earnings (loss) per common share are calculated by dividing the net income attributable to the owners of the Company by the weighted average number of outstanding common shares during the year.

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	\$	\$
Net loss attributable to the shareholders of the Company	<u>(963 589)</u>	<u>(4 332 346)</u>
Weighted average number of common shares outstanding	<u>99 196 720</u>	<u>45 071 271</u>

b) Diluted

For the three-month period ended March 31, 2016 and 2015, the diluted net loss per share was calculated based on the net loss attributable to owners of the parent using the basic weighted average number of shares outstanding, since the convertible debt, all the outstanding warrants and stock options and the potential share issuance for the business acquisition have been excluded from the calculation of diluted net loss per share because they were anti-dilutive. Accordingly, diluted net loss per share for each period was the same as the basic net loss per share.

Mobi724 Global Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2016 and 2015

(in Canadian dollars except share and per share amounts)

13 - SEGMENTED REPORTING

The Company operates and reports its results as three operating segments (two in 2015), which are the development of new internet technologies to facilitate point of sale payments, e-coupons and digital marketing, as these are monitored by the Company's chief decision maker and strategic decisions are made on the basis of segment operating results. Each of the operating segments is a reportable segment for financial reporting purposes. The segments do not earn any inter-segment revenues. The Company also operates in four different geographies: Canada, United States, Latin America & Caribbean and Asia. The Company's financial information by reportable segment is as follows:

	March 31, 2016			
	Payment solution	E-couponing	Digital marketing	Unallocated
				Consolidated
Revenues from external customers	24 510	110 405	422 470	-
Total operating expenses	231 315	693 948	403 506	(72 294)
Operating loss (profit)	206 805	583 543	(18 964)	(72 294)
Net financial expenses (income)	63 513	190 540	44 426	-
Net loss (income) before income taxes	270 318	774 083	25 462	(72 294)
Income tax expense (recovery)	(8 495)	(25 485)	-	-
Net loss (income)	261 823	748 598	25 462	(72 294)

	March 31, 2015			
	Payment solution	E-couponing	Digital marketing	Unallocated
				Consolidated
Revenues from external customers	21 029	67 079		88 108
Total operating expenses	694 903	311 537		1 083 455
Operating loss	673 874	244 458		995 347
Net financial expenses (income)	22 005	3 452		3 345 522
Net loss (income) before income taxes	695 879	247 910		3 422 537
Income tax expense (recovery)		(33 980)		(33 980)
Net loss (income)	695 879	213 930		4 332 346

The Company's financial information by geographic location is as follows:

	March 31, 2016	March 31, 2015
	\$	\$
Sales from external customers		
Canada	422 470	253
United States		6 279
Caribbean	24 510	14 497
Latin America	110 405	67 079
	557 385	88 108

14 - EVENTS AFTER THE REPORTING PERIOD

In April 2016, the Company modified the terms of an Unsecured Convertible Debenture issued in 2015, for an aggregate amount of \$217,373 (capital and accrued interest on January 1, 2016), to increase the nominal interest rate from 10% to 12%. In addition the maturity date was extended from December 31, 2015 to December 31, 2016. The modifications to the agreement resulted in the extinguishment of the original debenture and the recording of a new Unsecured Convertible Debenture.