3TL Technologies Corp.

(Formerly KCO Capital Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

(Expressed in Canadian Dollars)

VANCOUVER
1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

TRI-CITIES
700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

WHITE ROCK
301 – 1656 Martin Drive
White Rock, BC V4A 6E7
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 3TL Technologies Corp. (formerly KCO Capital Inc.)

We have audited the accompanying consolidated financial statements of 3TL Technologies Corp. (formerly KCO Capital Inc.), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of 3TL Technologies Corp. (formerly KCO Capital Inc.) as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
March 31, 2015

3TL Technologies Corp. (Formerly KCO Capital Inc.)
Consolidated Statements of Financial Position
As at December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	December 31, 2014	December 31, 2013
	$	$
ASSETS		
CURRENT		
Cash	1,923,151	-
Accounts receivable	6,691	980
Prepaid and other assets (Note 14)	104,332	22,123
Current assets	2,034,174	23,103
NON-CURRENT		
Equipment (Note 6)	14,885	10,745
Total assets	2,049,059	33,848
LIABILITIES		
CURRENT		
Trade payables and other liabilities (Note 12)	165,292	220,604
Deferred revenue	16,183	71,959
Current liabilities	181,475	292,563
NON-CURRENT		
Due to related parties (Note 8)	70,794	6,215
Total liabilities	252,269	298,778
EQUITY (DEFICIT)		
Share capital (Note 7)	7,160,995	775,075
Share-based payment reserve (Note 7 and 8)	1,947,356	1,081,856
Deficit	(7,311,561)	(2,121,861)
Total equity (deficit)	1,796,790	(264,930)
Total equity and liabilities	2,049,059	33,848

Commitments (Note 8 and 14)
Subsequent event (Note 15)

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

Approved on behalf of the Board

"Robert Craig"	"David Raffa"
Director	Director

3TL Technologies Corp. (Formerly KCO Capital Inc.)
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars, except number of shares)

	December 31, 2014	December 31, 2013
	$	$
Revenue	310,250	630,808
Cost of sales (Note 13)	203,511	176,056
Gross profit	106,739	454,752
Operating expenses		
General and administrative (Note 7 and 13)	1,579,651	409,600
Sales and marketing (Note 13)	597,432	152,902
Research and development (Note 13)	441,699	174,656
Depreciation (Note 6)	7,549	3,765
Total operating expenses	2,626,331	740,923
Operating loss	(2,519,592)	(286,171)
Other items:		
Interest expenses	(85,713)	-
Interest revenue	990	-
Accretion on convertible debt	(32,319)	-
Loss on convertible debt conversion (Note 7)	(1,503,845)	-
Foreign exchange gain/(loss)	(8,308)	3,121
Loss on write-off of related-party loan (Note 8)	-	(330,335)
Stock exchange listing expense (Note 2)	(1,040,913)	-
	(2,670,108)	(327,214)
Net and comprehensive loss	(5,189,700)	(613,385)
Loss per share		
Loss per share – basic and diluted	$ (0.43)	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted	12,077,348	10,000,000

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

3TL Technologies Corp. (Formerly KCO Capital Inc.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars, except number of shares)

	Number of Shares	Share Capital	Share-based Payment Reserve	Deficit	Total
		$	**$**	**$**	**$**
Balance as at December 31, 2012	10,000,000	775,075	974,720	(1,508,476)	241,319
Share-based compensation (Note 7)	-	-	107,136	-	107,136
Net and comprehensive loss	-	-	-	(613,385)	(613,385)
Balance as at December 31, 2013	10,000,000	775,075	1,081,856	(2,121,861)	(264,930)
Reverse takeover ("RTO") recapitalization (Note 2)	(10,000,000)	-	-	-	-
KCO Capital Inc. shares on RTO (Note 2)	13,195,064	-	-	-	-
RTO acquisition of KCO Capital Inc. (Note 2 and 7)	36,000,000	1,382,159	-	-	1,382,159
Shares issued for private placement (Note 7)	11,682,600	2,920,650	-	-	2,920,650
Share issuance costs (Note 7)	-	(471,118)	117,930	-	(353,188)
Shares issued for convertible note (Note 7)	10,150,000	2,537,500	-	-	2,537,500
Warrants exercised (Note 7)	167,296	16,729	-	-	16,729
Share-based compensation (Note 7)	-	-	747,570	-	747,570
Net and comprehensive loss	-	-	-	(5,189,700)	(5,189,700)
Balance as at December 31, 2014	71,194,960	7,160,995	1,947,356	(7,311,561)	1,796,790

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

3TL Technologies Corp. (Formerly KCO Capital Inc.)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	December 31, 2014	December 31, 2013
	$	$
Cash flows from operating activities:		
Loss of the year	(5,189,700)	(613,385)
Items not affecting cash:		
Depreciation	7,549	3,765
Share-based compensation	747,570	107,136
Loss on convertible debt conversion	1,503,845	-
Accretion on convertible debt	32,319	-
Stock exchange listing expense	1,040,913	-
Changes in non-cash working capital (Note 11)	35,094	25,672
Net cash flow from operating activities	(1,822,410)	(476,812)
Cash flows from investing activities:		
Acquisition of equipment	(11,689)	-
Net cash acquired on RTO	171,723	-
Net cash flow from investing activities	160,034	-
Cash flows from financing activities:		
Issuance of shares on concurrent financing, gross	2,920,650	-
Share issuance cost	(353,188)	-
Warrants exercised for cash	16,729	-
Related-party loan	-	444,118
Convertible debt	1,001,336	-
Net cash flow from financing activities	3,585,527	444,118
CHANGE IN CASH	1,923,151	(32,694)
CASH - BEGINNING OF YEAR	-	32,694
CASH - END OF YEAR	1,923,151	-

Supplemental cash flow information (Note 11)

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

1. CORPORATE INFORMATION

3TL Technologies Corp. (the "Company" or "3TL Technologies") is a technology company operating in the consumer internet advertising sector and is a provider of consumer digital and social media engagement, data mining and loyalty solutions. In 2014, after two years of development, the Company launched Platform³ as a commercial product. Platform³ is a proprietary suite of digital applications that provides brands with a single digital marketing, data mining and reward platform to engage consumers on the web or mobile phone through digital and social channels. Platform³'s features enable brands to engage consumers, facilitate friend-to-friend sharing, collect and analyze data to determine which consumers are most valuable based on their level of engagement with a brand on social media, and incentivize and reward their most valuable consumers. Customers access Platform³ through a cloud-based software as a service subscription model.

The head and registered office of the Company is located at 422 Richards Street, Suite 160, Vancouver, BC, V6B 2Z4. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol 'TTM'.

3TL Technologies 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 (the "Acquisition").

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a. Acquisition of 3 Tier Logic Inc. – recapitalization (reverse takeover)

On October 30, 2014, the Company acquired a 100% ownership in 3 Tier Logic by issuing 36,000,000 common shares to the shareholders of 3 Tier Logic. For accounting purposes, this acquisition is accounted for as a RTO and a recapitalization of KCO Capital Inc. because the acquisition resulted in the former shareholders of 3 Tier Logic. having control of the combined entity.

Accounting for the acquisition as a reverse takeover result in the following:

(i) The consolidated financial statements of the combined entities are issued as the financial statements of the legal parent, KCO Capital Inc., but are considered a continuation of the financial statements of the legal subsidiary, 3 Tier Logic.

(ii) Since 3 Tier Logic. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

(iii) In connection with the acquisition, the former shareholders of KCO Capital Inc. retained 13,195,064 common shares of the Company, 700,000 stock options exercisable at $0.10 and 445,000 warrants exercisable at $0.10.

(iv) The number of shares issued in the consolidated entity is that of 3TL Technologies plus the shares issued to acquire 3 Tier Logic. The dollar amount of the issued share capital in the consolidated statement of financial position immediately prior to acquisition is the dollar value of 3 Tier Logic's issued capital plus the value of the shares issued by 3TL Technologies to acquire 3 Tier Logic. The deficit of KCO Capital Inc. up to the date of acquisition is eliminated.

(Expressed in Canadian Dollars)

(v) Change of fiscal year end from May 31 to December 31 to coincide with the fiscal year end of 3 Tier Logic.

(vi) The stock exchange listing expense of $1,040,913 is comprised of the fair value of shares, options and warrants of the Company retained by the former shareholders of KCO Capital Inc. netted against the net assets of KCO Capital Inc. as at October 30, 2014. The fair value of shares, options and warrants of the Company is determined as follows:

(a) $1,319,506 representing the fair value of the shares of KCO Capital Inc. The common shares was measured at $0.10 per share, based on the fair value of the common shares on October 30, 2014.
(b) $41,750 representing the fair value of the stock options of KCO Capital Inc. The fair value of the stock options was based on an application of the Black-Scholes Option Pricing Model, using the following assumptions: a share price of $0.10 per share, an average volatility of 95%, an average annual risk free interest rate of 1.03%, no dividends and an expected remaining useful life of 3 years.
(c) $20,903 representing the fair value of the warrants of KCO Capital Inc. The fair value of the warrants was based on an application of the Black-Scholes Option Pricing Model, using the following assumptions: a share price of $0.10 per share, an average volatility of 95%, an average annual risk free interest rate of 1.03%, no dividends, and expected remaining useful life of 1.70 years.

The fair value of all the consideration given up and charged to stock exchange listing expense was comprised of:

	$
Outstanding common shares of KCO Capital Inc. (iii)	1,319,506
Outstanding stock options of KCO Capital Inc. (iii)	41,750
Outstanding warrants of KCO Capital Inc. (iii)	20,903
Total	1,382,159

Cash	171,723
Prepaid expenses and other assets	380,795
Trade payables and other liabilities	(211,272)
Net assets of KCO Capital Inc.	341,246
Stock exchange listing expense	1,040,913
Total	1,382,159

b. Statement of compliance

The consolidated financial statements of 3TL Technologies for the year ended December 31, 2014 are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of consolidated financial statements. These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 31, 2015.

c. Basis of consolidation and going concern

The consolidated financial statements include the accounts of 3 Tier Logic for the years ended December 31, 2014 and 2013 and those of 3TL Technologies (formerly KCO Capital Inc.) from the date of the RTO on October 30, 2014. These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, and prior operating results. During the year ended December 31, 2014, the Company incurred a net and comprehensive loss of $5,189,700 (2013 - $613,385) and has an accumulated deficit at December 31, 2014 of $7,311,561 (2013 - $2,121,861). The Company's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These uncertainties cast significant doubt about the Company's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

d. Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for where IFRS requires recognition at fair value.

Certain figures for the prior year have been reclassified to conform to the current presentation.

e. Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

f. Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the impairment and useful lives of equipment, allowance for doubtful accounts, fair value measurements for financial instruments, share-based payments, and the recoverability and measurement of deferred tax assets.

g. Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying to accounting policies. The most significant judgments in applying the Company's financial statements include:

(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 upcoming 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.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Revenue recognition

The Company derive revenues from three main sources: (1) product subscription to access Platform³, (2) program build where additional customized applications are requested beyond the standard support that is included in the basic subscription fee, and (3) related professional services such as project management, implementation services and training.

Revenue is recognized when all of the following conditions are met:
(i) The amount of revenue can be measured reliably;
(ii) It is probable that the economic benefits associated with the transaction will flow to the Company;
(iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and;
(iv) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Subscription Revenues
Product subscription revenues are recognized straight-lined over the contract terms beginning on the commencement date of each contract, which is the date the service is made available to customers. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met.

Multiple-Deliverable Arrangements
Multiple-deliverables included in an arrangement are separated into components and the relative fair value is allocated to the identified components of the arrangement. Generally, such contracts may include product subscription, customized applications, and other professional services. If the deliverables have standalone value upon delivery, each deliverable is accounted for separately. Product subscription is generally sold separately and has a standalone value. Customized applications will be valued on its own based on the services required and deliverables. For other professional services, such as training and project management, a time and material charge may be charged for the time spent. Consideration will also be made based on availability of the services from other vendors, the nature of the professional services, and the timing of when the professional services contract was signed in comparison to the product subscription service start date.

b. Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is primarily calculated using the declining balance method applying the following annual rates:

Computer equipment	55%
Furniture and equipment	20%

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately; including major inspection and overhaul expenditures are capitalized.

c. Impairment of assets

At the end of each reporting period, the Company assesses all cash generating units to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

d. Financial assets

Financial assets are classified into one of four categories:
(i) Fair value through profit or loss;
(ii) Held-to-maturity;
(iii) Available-for-sale; and
(iv) Loans and receivables.

Fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss ("FVTPL") if it is classified as held for trading, derivatives not held for hedging purpose or is designated as such upon initial recognition. Financial assets are designated as FVTPL, if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

Held-to-maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. Subsequent to initial recognition, these assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale (“AFS”)
Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes therein, other than impairment losses, interest calculated using the effective interest method and foreign currency differences on AFS monetary items, recognized in other comprehensive income or loss. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the period.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence of the following:

- Significant financial difficulty of the issue or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

Derecognition of financial assets
Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

e. Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.
Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost.

Financial liabilities at amortized cost
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has classified trade payables at amortized cost.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

f. Share capital
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Share-based payment reserves include charges related to the fair value of share-based payments until such equity instruments are exercised, in which case the amounts are transferred to share capital.

g. Loss per share
Basic loss per share is computed by dividing the loss for the year by the weighted average number of ordinary shares outstanding for the relevant year.

Diluted earnings per share is computed by dividing the loss for the year by the sum of the weighted average number of ordinary shares issued and outstanding and all additional ordinary shares that would have been outstanding if potentially dilutive instruments were converted and the proceeds used to repurchase outstanding shares. For the years ended December 31, 2014 and 2013 the potentially diluted loss per share was the same as the basic loss per share since the effect of the outstanding share purchase options and warrants would have been anti-dilutive.

h. Research and development expenses
Research and development expenses that do not meet the criteria for recognition as intangible assets are recorded as expenses. Development expenses are recognized as intangible assets when they meet the criteria for recognition. No research and development expenses has been recorded as intangible assets as at December 31, 2014 and 2013.

i. Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts determined for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings; and, differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

To date, no deferred tax assets have been recognized. Actual results could differ from expectations.

j. Share-based payments

Equity-settled share-based payments for employees including directors and officers are measured at fair value at the date of grant and recorded over the vesting period as share-based compensation expense in the financial statements. The fair value determined by using the Black-Scholes Option Pricing Model at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period of each tranche separately based on the Company's estimate of shares that will eventually vest factoring in any forfeitures. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non- market performance conditions at the vesting date. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital.

Compensation expense on stock options granted to non-employees is measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be measured reliably, the value is measured by reference to the fair value of the equity instruments granted by use of the Black-Scholes Option Pricing Model.

In order to determine the fair value using the Black-Scholes Option Pricing Model, the expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

k. Comprehensive loss

Comprehensive loss is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net loss and other comprehensive loss. The historical make up of net loss has not changed. Other comprehensive loss includes gains or losses, which generally accepted accounting principles requires be recognizing in a period, but excluding from net loss for that period. The Company had no other comprehensive loss during the years ended December 31, 2014 and 2013.

l. Foreign exchange

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency using the exchange rates prevailing at the closing date. Non-monetary items are translated at the historical rates of exchange. Revenues and expenses are translated at the rates of exchange in effect on the transaction date or at the average exchange rates for the period. The resulting foreign exchange gains are losses are recognized in profit and loss.

m. Related party transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

n. Government assistance
Government assistance, including investment tax credits, is recognized when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions.

o. Adoption of new accounting standards
The following standards, amendments, and interpretations have been adopted by the Company as of January 1, 2014. There was no impact on the financial statements as a result of the adoption of these standards, amendments and interpretations:

- IAS 36 *Impairment of Assets* - In May 2013, the IASB amended IAS 36 to clarify the requirement to disclose information about the recoverable amount of assets for which an impairment loss has been recognized or reversed.

- IAS 32 *Offsetting Financial Assets and Financial Liabilities* Amendments - Presentation clarify certain aspects because of diversity in application of the requirements on offsetting, focus on four main areas:
  (i) the meaning of "currently has a legally enforceable right of set-off"
  (ii) the application of simultaneous realisation and settlement
  (iii) the offsetting of collateral amounts
  (iv) the unit of account for applying the offsetting requirements.

- IFRIC 21 *Levies* is an interpretation of IAS 37 “Provisions, contingent liabilities, and contingent assets”. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

p. Accounting standards issued but not yet effective
The Company has not early adopted these standards and is currently assessing the impact that these standards will have on its financial statements:

- IFRS 9 *Financial Instruments* was issued in July 2014 and addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 – Financial Instruments – Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. The new standard also addresses financial liabilities and they largely carry forward existing requirements in IAS 39, except that fair value changes to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is required to be applied for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

- IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* – Amendment. The IASB issued amendments to IFRS 11 Joint Arrangements in response to diversity in practice over whether IFRS 3 Business Combinations, applies when an entity acquires an interest in a joint operation that meets the definition of a business. The amendments clarify that business combination accounting is required to be applied to acquisitions of interests in a joint operation that constitutes a business. This standard is required to be applied for annual periods beginning on or after January 1, 2016, with earlier adoption permitted.

- IFRS 15 *Revenue from Contracts with Customers* provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

  (i) Identify the contract with the customer;
  (ii) Identify the performance obligations in the contract;
  (iii) Determine the transaction price;
  (iv) Allocate the transaction price to the performance obligations in the contracts;
  (v) Recognize revenue when (or as) the entity satisfies a performance obligation.

  Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is required to be applied for annual periods beginning on or after January 1, 2017, with earlier adoption permitted.

Certain other statements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

4. CAPITAL MANAGEMENT

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 of December 31, 2014, the Company's capital was $1,796,790 (December 31, 2013 – deficit of ($264,930)) and is defined by the Company as shareholders' equity. The Company's management believes it could issue new shares or raise new debt, increased sales, 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.

The Company is not subject to any externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a. Financial instruments

The fair value of the Company's financial assets and liabilities approximate their carrying value due to their short-term nature.

The Company's financial assets and liabilities are classified and measured as follows:

Asset/Liability	Category	Measurement
Cash	Fair value through profit or loss	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Trade payables	Other financial liability	Amortized cost
Due to related parties	Other financial liability	Amortized cost

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:
Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

As at December 31, 2014 and 2013, the Company measures its cash at fair value on a reporting period basis using Level 1 indicators. The fair value of cash is determined by reference to non-restricted funds available to the Company.

During the years ended December 31, 2014 and 2013, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

b. Financial instrument risk exposure and management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 a 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.

(Expressed in Canadian Dollars)

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.

6. EQUIPMENT

	Computer Equipment			Furniture and Equipment			
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Total
	$	$	$	$	$	$	$
December 31, 2012	29,164	(26,698)	2,466	20,779	(8,735)	12,044	14,510
Depreciation	-	(1,356)	(1,356)	-	(2,409)	(2,409)	(3,765)
December 31, 2013	29,164	(28,054)	1,110	20,779	(11,144)	9,635	10,745
Additions	11,689	-	11,689	-	-	-	11,689
Depreciation	-	(5,782)	(5,782)	-	(1,767)	(1,767)	(7,549)
December 31, 2014	40,853	(33,836)	7,017	20,779	(12,911)	7,868	14,885

7. SHARE CAPITAL

a. Authorized share capital:

Unlimited common shares, voting, with no par value.

b. Changes in issued share capital

The issuance of shares on October 30, 2014 as part of the Acquisition is described in Note 2.

Concurrent with the Acquisition described in Note 2, the Company completed a brokered private placement financing of 11,682,600 common shares at $0.25 per share for gross proceeds of $2,920,650. In connection with the private placement, the Company paid finder's fees of $353,188 and issued 934,608 agent's warrants. The agent's warrants were allocated a fair value of $117,930. The fair value of the agent's warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.03%, expected life of 2 years, volatility of 95% and no expected dividends. The agent's warrants are exercisable at $0.25 until October 30, 2016.

During the year ended December 31, 2014, the Company issued convertible debentures (the "Debentures") for gross proceeds of $1,015,000. The Debentures were interest bearing at 12% annually for the first year and 15% annually thereafter. In connection with the Debentures, the Company paid share issuance costs of $13,664, which were recorded in general and administrative operating expenses and recorded $32,319 in accretion on the Debentures. The Debentures were convertible into common shares of KCO Capital Inc. at a conversion price of $0.10 per share. Upon closing of the Acquisition on October 30, 2014, the Debentures were converted into 10,150,000 common shares of the Company at a fair value of $0.25 per common share. As a result, a loss of $1,503,845 was recognized upon conversion of the Debentures.

(Expressed in Canadian Dollars)

During the year ended December 31, 2014, 167,296 common shares were issued from the exercise of warrants for gross proceeds of $16,729. These warrants were previously issued by KCO Capital Inc. Accordingly, the Company has not reallocated any amounts to share capital, based on the residual method.

c. Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation expense and the fair value of warrants issued based on the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital.

d. Escrow shares

As at December 31, 2014, the Company has 29,543,000 of its shares held in escrow. Of this amount, the common shares will be released as follows on these dates: 1,988,000 on May 7, 2015, 3,343,000 on November 7, 2015, 3,343,000 on May 7, 2016, 4,698,000 on November 7, 2016, 4,698,000 on May 7, 2017, and 11,473,000 on November 7, 2017.

e. Share option plan

The Company adopted a share option plan (the "option plan") whereby a maximum of 10% of common shares issued and outstanding is reserved for the issuance of non-transferable options to directors, officers, employees and consultants. The option plan provides that the terms and conditions of the options and the exercise price of options will be determined by the directors subject to price restrictions and other requirements imposed by the TSX-V. The period for exercising the options granted under the option plan cannot exceed a period of 5 years and the exercise price must be fully paid before the issuance of shares. Options may expire before the expiry date in case of death or disability of the holder or in case of termination of employment or mandate of the holder.

f. Stock options

As of October 30, 2014, all former 700,000 stock options of KCO Capital Inc. continued to be stock options of the Company.

Summary of the Company's stock options:

	December 31, 2014		December 31, 2013	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
Balance, beginning	5,180,000	0.20	4,460,000	0.20
Cancelled	(5,180,000)	0.20	(1,310,000)	0.20
KCO Capital Inc. stock options	700,000	0.10	-	-
Granted	6,005,000	0.26	2,030,000	0.20
Balance, ending	6,705,000	0.24	5,180,000	0.20

(Expressed in Canadian Dollars)

The following weighted average assumptions were used in calculating the fair value of stock options granted during the year using the Black-Scholes Option Pricing Model:

	December 31, 2014	December 31, 2013
Risk-free interest rate	1.53%	1.33%
Expected life	5 years	7.6 - 9 years
Expected volatility	103%	120%
Dividend rate	0%	0%
Average share price at date of grant	$0.19	$0.31

During the year ended December 31, 2013, the Company granted 2,030,000 stock options. The fair value of $107,136 was recognized as share-based compensation for vesting of stock options. The fair value of each option is accounted for over the period of the options and the related credit is included in share-based payment reserve.

During the year ended December 31, 2014, the Company granted 6,005,000 stock options with a fair value of $747,570, which was recognized as share-based compensation. The fair value of each option is accounted for over the period of the options and the related credit is included in share-based payment reserve.

The table below summarizes information on stock options:

Outstanding options	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable options
		$	
700,000	2.82	0.10	700,000
1,150,000	4.85	0.25	1,150,000
4,855,000	4.85	0.26	2,719,711
6,705,000			4,569,711

(Expressed in Canadian Dollars)

g. Warrants

As of December 31, 2013, the Company had no warrants outstanding.

As of October 30, 2014, all former 445,000 warrants of KCO Capital Inc. continued to be warrants of the Company.

Summary of the Company's warrants:

	Number	Weighted average exercise price	Weighted average remaining contractual life (years)
		$	
Balance, beginning	-	-	-
KCO Capital Inc. warrants	445,000	0.10	1.53
Exercised	(167,296)	0.10	-
Granted	934,608	0.25	1.83
Balance, ending	1,212,312	0.22	1.76

8. RELATED PARTY TRANSACTIONS

During the fiscal years ended December 31, 2014 and 2013, compensation of key management personnel and related parties were as follows:

	December 31, 2014	December 31, 2013
	$	$
Remuneration, fees and short-term benefits	706,408	216,000
Share-based compensation	606,213	-
Total	1,312,621	216,000

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

On April 30, 2008, the Company had entered into an agreement to provide development services to ActiveStream Technologies Inc. ("ActiveStream"), a company with a common director and shareholder. The Company entered into an unsecured loan agreement with ActiveStream that was repayable upon ActiveStream's successful receipt of Scientific Research and Engineering Development (SR&ED) Tax Credits. ActiveStream's claim for SR&ED tax credits was rejected by the Canada Revenue Agency and the loan was considered uncollectible by the Company. Accordingly, a balance of $330,335 was written off during the year ended December 31, 2013.

As at December 31, 2014, $70,794 (2013 - $6,215) was due to related parties. The amounts are non-interest bearing and unsecured. On August 29, 2014, the Company entered into debt settlement agreements with the related parties, whereby the Company will pay the outstanding amount of $70,794 within a 24-month period. The amounts are non-interest bearing and unsecured.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The following table reconciles the expected income taxes recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
	$	$
Loss before taxes	(5,189,700)	(613,385)
Statutory tax rate	26%	13.5%
Expected income tax recovery	(1,349,322)	(82,807)
Non-deductible expenses	24,083	2,659
Share-based compensation	194,368	14,463
Loss on write-off of related-party loan	-	44,595
Share exchange listing cost	270,637	-
Share issuance costs	(91,829)	-
Loss on conversion of debenture	391,000	-
Effect of change in tax rate	(29,988)	-
Unrecognized tax benefits	591,051	21,090
	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2014	December 31, 2013
	$	$
Non-capital loss carryforwards	2,583,405	498,735
Share issuance costs	293,482	-
	2,876,887	498,735

As at December 31, 2014, the Company has non-capital loss carryforwards of $2,583,405 (2013 – $498,735), which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	Amount
	$
2028	172,793
2030	27,381
2032	44,802
2033	188,389
2034	2,150,040
	2,583,405

(Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment. The summarized financial information for the revenue derived by geographic segment is as follows:

	December 31, 2014	December 31, 2013
	$	$
Total revenues:		
Canada	175,675	294,571
United States	134,575	336,237
Total	310,250	630,808

During the year ended December 31, 2014, a total of $115,000 (2013 - $61,200) related to revenue from a single customer based in Canada and a total of $63,340 (2013 - $274,841) related to revenue from one (2013 – 3) customer(s) based in the USA. Revenue from each of these customers constituted more than 10% of total revenues.

11. CASH FLOWS

Net changes in working capital items:	December 31, 2014	December 31, 2013
	$	$
Accounts receivable	(5,711)	27,086
Prepaid and other assets	298,585	14,593
Trade payables and other liabilities	(266,583)	45,534
Deferred revenue	(55,776)	(61,541)
Due to related parties	64,579	-
Total	35,094	25,672

12. TRADE PAYABLES AND OTHER LIABILITIES

	December 31, 2014	December 31, 2013
	$	$
Trade payables	116,550	155,226
Accrued liabilities	20,000	51,000
Other payable	28,742	14,378
Total	165,292	220,604

(Expressed in Canadian Dollars)

13. OPERATING EXPENSES

The following table presents the Company's operating expenses by nature for the year:

	December 31, 2014	December 31, 2013
Cost of sales	$	$
Consulting fees	-	112,384
Wages & salaries	82,483	16,649
Hosting and other overhead	109,495	33,387
Advertising re-sold to customers	11,533	13,636
Total	203,511	176,056
General and administrative		
Consulting fees	16,938	60,000
Wages and salaries	308,127	49,267
Professional fees	262,372	62,965
Office and insurance	240,180	98,074
Penalties and interest	3,904	21,004
Share-based compensation	747,570	107,136
Bad debt	560	11,154
Total	1,579,651	409,600
Sales and marketing		
Consulting fees	298,334	114,811
Wages and salaries	146,196	-
Travel and entertainment	114,036	38,091
Advertising and licenses	38,866	-
Total	597,432	152,902
Research and development		
Salary and consulting	502,766	264,428
SR&ED tax credit	(61,067)	(89,772)
Total	441,699	174,656

14. COMMITMENT

On November 1, 2014, the Company entered into a consulting agreement (the "Consulting Agreement") for corporate advisory services. The Company paid an initial corporate advisory fee of $60,000 upon signing the Consulting Agreement (paid, of which $50,000 is recorded in prepaid and other assets at December 31, 2014) and are obligated to pay a further $60,000, as $5,000 per month, over a 12-month period ($10,000 paid to December 31, 2014). The Company will also pay 5%-10%, or other percentage that is agreed upon by both parties, as a finder's fee (the "finder's fee") for successful financing. The Consulting Agreement may be terminated at any time with 14 days notice. To December 31, 2014, the Company is not obligated to pay a finder's fee.

15. SUBSEQUENT EVENT

On January 22, 2015, the Company signed a letter of intent to acquire all of the issued and outstanding securities of RewardStream Inc. ("RS"), a private company incorporated in British Columbia. The purchase price will be $4 million plus earn-out consideration of up to $2 million for achieving certain performance targets in the 12-month period following the close of the acquisition. In March 2015, the letter of intent has expired with no definitive agreement between 3TL Technologies and RS.