3tl Technologies Corp.

(Formerly KCO Capital Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2017

(Unaudited and Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 for the three months ended March 31, 2017 and 2016 have been prepared by the management in accordance with International Financial Reporting Standards and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's independent auditors.

3tl Technologies Corp.
(Formerly KCO Capital Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	March 31, 2017	December 31, 2016
	$	$
ASSETS		
CURRENT		
Cash	**268,400**	579,116
Accounts receivable	**109,889**	88,747
Prepayments and other assets	**67,628**	92,507
Current assets	**445,917**	760,370
NON-CURRENT		
Equipment (Note 7)	**8,654**	9,522
Total assets	**454,571**	769,892
LIABILITIES		
CURRENT		
Trade payables and other liabilities (Note 9, 12)	**246,576**	265,946
Deferred revenue	**133,017**	82,576
Due to related parties (Note 9)	**6,868**	18,707
Total liabilities	**386,461**	367,229
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**9,618,818**	9,545,579
Share-based payment reserve (Note 8)	**2,802,112**	2,788,872
Deficit	**(12,352,820)**	(11,931,788)
Total shareholders' equity	**68,110**	402,663
Total shareholders' equity and liabilities	**454,571**	769,892

Commitments (Note 9)
Subsequent events (Note 14)

Approved on behalf of the Board

"Robert Craig"
Director

"David Raffa"
Director

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

3tl Technologies Corp.
(Formerly KCO Capital Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars, except number of shares)

	Three Months Ended March 31,	
	2017	2016
	$	$
Revenue	**202,737**	148,838
Cost of sales (Note 13)	**53,886**	30,432
Gross profit	**148,851**	118,406
Operating expenses		
General and administrative (Note 13)	**289,297**	236,063
Sales and marketing (Note 13)	**197,168**	186,881
Research and development (Note 13)	**66,013**	68,924
Share-based payments (Note 8, 9)	**13,240**	13,881
Depreciation (Note 7)	**868**	1,114
Total operating expenses	**566,586**	506,863
Operating loss	**(417,735)**	(388,457)
Other items:		
Interest income	**698**	-
Foreign exchange gain (loss)	**(3,995)**	1,315
	(3,297)	1,315
Net and comprehensive loss	**(421,032)**	(387,142)
Loss per share		
Loss per share – basic and diluted	**(0.00)**	(0.00)
Weighted average number of common shares outstanding - basic and diluted	**112,231,350**	83,478,191

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

3tl Technologies Corp.
(Formerly KCO Capital Inc.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars, except number of shares)

	Number of Shares	Share Capital	Share-based Payment Reserve	Deficit	Total
		$	**$**	**$**	**$**
Balance as at December 31, 2015	82,508,960	8,121,058	2,438,038	(10,164,712)	394,384
Options exercised (Note 8)	300,000	57,000	(12,000)	-	45,000
Issuance of shares for cash (Note 8)	3,666,666	239,500	-	-	239,500
Share-based compensation (Note 8)	-	-	13,881	-	13,881
Issuance of share purchase warrants (Note 8)	-	-	35,500	-	35,500
Net and comprehensive loss	-	-	-	(387,142)	(387,142)
Balance as at March 31, 2016	86,475,626	8,417,558	2,475,419	(10,551,854)	341,123
Balance as at December 31, 2016	110,945,596	9,545,579	2,788,872	(11,931,788)	402,663
Options exercised (Note 8)	-	-	-	-	-
Issuance of shares for cash (Note 8)	1,464,783	73,239	-	-	73,239
Issuance of Restricted Share Units (Note 8)	-	-	8,000	-	8,000
Share-based compensation (Note 8)	-	-	5,240	-	5,240
Net and comprehensive loss	-	-	-	(415,465)	(415,465)
Balance as at March 31, 2017*	**112,410,379**	**9,618,818**	**2,802,112**	**(12,347,253)**	**73,677**

*refer to Subsequent Events (Note 14 b)

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

3tl Technologies Corp.
(Formerly KCO Capital Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2017	2016
	$	$
Cash flows from operating activities:		
Loss for the period	**(421,032)**	(387,142)
Items not affecting cash:		
Depreciation	**868**	1,114
Share-based compensation	**13,240**	13,881
Changes in non-cash working capital (Note 11)	**34,808**	(132,486)
Net cash flow used in operating activities	**(372,116)**	(504,633)
Cash flows from financing activities:		
Shares issued for cash, gross (Note 8)	**73,239**	275,000
Options exercised for cash (Note 8)	**-**	45,000
Net changes in related-party loan	**(11,839)**	-
Net cash flow from financing activities	**61,400**	320,000
DECREASE IN CASH	**(310,716)**	(184,633)
CASH - BEGINNING OF PERIOD	**579,116**	644,513
CASH - END OF PERIOD	**268,400**	459,880

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

1. CORPORATE INFORMATION

3tl Technologies Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on July 29, 2011. The Company 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.

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'.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a. Statement of compliance

The consolidated financial statements of the Company 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 financial statements. These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 26, 2017.

b. Basis of consolidation and going concern

The condensed interim consolidated financial statements include the accounts of the Company and 3 tier logic Inc. for the three months ended March 31, 2017 and 2016. These condensed interim 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 condensed interim 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 three months ended March 31, 2017, the Company incurred a net and comprehensive loss of $415,465 (three months ended March 31, 2016 - $387,142) and has an accumulated deficit at March 31, 2017 of $12,347,253 (December 31, 2016 - $11,931,788). 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.

c. 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 year's presentation.

d. Functional and presentation currency

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

e. 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 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.

f. 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 applying to 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 timing of 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

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

(Unaudited – Expressed in Canadian Dollars)

4. ADOPTION OF NEW ACCOUNTING STANDARDS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for fiscal periods beginning January 1, 2016 or later. The standards are described in the Company's annual consolidated financial statements for the year ended December 31, 2016 and are used in these condensed interim consolidated financial statements.

5. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base so 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 March 31, 2017, the Company's capital was $68,110 (December 31, 2016 – $402,663) and is defined by the Company as shareholders' equity. The Company's management believes it could issue new shares or raise new debt, increase 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 period.

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

6. 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 March 31, 2017, 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 period ended March 31, 2017 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.

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.

(Unaudited – Expressed in Canadian Dollars)

7. EQUIPMENT

	Computer Equipment			Furniture and Equipment			Total
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
	$	$	$	$	$	$	$
Balance at December 31, 2015	44,608	(38,701)	5,907	20,779	(14,485)	6,294	12,201
Additions	2,279	-	2,279	-	-	-	2,279
Depreciation	-	(3,700)	(3,700)	-	(1,258)	(1,258)	(4,958)
Balance at December 31, 2016	46,887	(42,401)	4,486	20,779	(15,743)	5,036	9,522
Depreciation	-	(616)	(616)	-	(252)	(252)	(868)
Balance at March 31, 2017	46,887	(43,017)	3,870	20,779	(15,995)	4,784	8,654

8. SHARE CAPITAL

a. Authorized share capital

Unlimited common shares, voting, with no par value.

b. Changes in issued share capital

On August 12, 2015, the Company completed a brokered private placement of 3,500,000 units at $0.20 per unit for gross proceeds of $700,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.20 per warrant until February 12, 2017. The warrants were allocated a fair value of $197,400. The fair value of the warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.42%, expected life of 1.5 years, volatility of 73% and no expected dividends. If the volume weighted average price of the Company's common shares exceeds $0.30 for any 5 consecutive trading days, the Company shall be entitled to accelerate the expiry of the warrants to a date that is 30 days following notice of such acceleration. To December 31, 2015 and 2016, the Company has not met the accelerated exercise criterion. In connection with the private placement, the Company paid finder's fees of $49,000 and issued 245,000 agent's warrants. The agent's warrants were allocated a fair value of $13,800. 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 0.42%, expected life of 1.5 years, volatility of 73% and no expected dividends. The agent's warrants are exercisable at $0.20 until February 12, 2017 and are also subject to the accelerated exercise provision.

On December 30, 2015, the Company completed a short form prospectus offering of 7,737,000 units at a price of $0.10 per unit for total gross proceeds of $773,700. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.20 per warrant until December 30, 2017. The warrants were allocated a fair value of $104,449. The fair value of the warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.48%, expected life of 2 years, volatility of 80% and no expected dividends. If the volume weighted average price of the Company's common shares exceeds $0.30 for any 20 consecutive trading days and the shares trade on at least 10 of such trading days, the Company shall be entitled to accelerate the expiry of the warrants to a date that is 30 days following notice of such acceleration. To December 31, 2015, the Company has not met the accelerated exercise criterion. In connection with the short form prospectus offering, the Company paid finder's fees of $133,920 and issued 618,960 agent's stock options. The agent's stock options were allocated a fair value of $30,948. The fair value of the agent's stock options was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.48%, expected life of 2 years, volatility of 80% and no expected dividends. The agent's stock options are exercisable at $0.10 until December 30, 2017.

During the year ended December 31, 2015, 77,000 common shares were issued from the exercise of options for gross proceeds of $7,700. Accordingly, the Company reallocated $8,180 from the share-based payment reserve to share capital.

On March 14, 2016, the Company completed a non-brokered private placement of 3,666,666 units of the Company at $0.075 per unit for gross proceeds of $275,000. Each unit consists of one common share of the Company and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.10 per warrant until March 14, 2018. The warrants were allocated a fair value of $35,500. The fair value of the warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.56%, expected life of 2 years, volatility of 77.44% and no expected dividends.

On May 3, 2016, the Company completed a non-brokered private placement of 3,666,666 units of the Company at $0.075 per unit for gross proceeds of $275,000. Each unit consists of one common share of the Company and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.10 per warrant until May 3, 2018. The warrants were allocated a fair value of $40,500. The fair value of the warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.68%, expected life of 2 years, volatility of 76.90% and no expected dividends. Finder's fees of $1,000 were paid from the gross proceeds.

On April 21, 2016, the Company issued 800,000 Restricted Share Units ("RSUs") at a fair value of $56,000. The RSU's were converted to common shares of the Company on June 14, 2016. Accordingly, the Company reallocated $56,000 from the share-based payment reserve to share capital.

On November 24, 2016, the Company completed a non-brokered private placement of 20,003,304 units of the Company at $0.05 per unit for gross proceeds of $1,000,165. Each unit consists of one common share of the Company and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.075 per warrant until November 24, 2018. The warrants were allocated a fair value of $100,100. The fair value of the warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.68%, expected life of 2 years, volatility of 77.99% and no expected dividends. . If the volume weighted average price of the Company's common shares exceeds $0.30 for any 20 consecutive trading days and the shares trade on at least 10 of such trading days, the Company shall be entitled to accelerate the expiry of the warrants to a date that is 30 days following notice of such acceleration. To December 31, 2016, the Company has not met the accelerated exercise criterion. Finder's fees of $ $61,544 were paid from the gross proceeds.

During the year ended December 31, 2016, 300,000 common shares were issued from the exercise of options for gross proceeds of $45,000. Accordingly, the Company reallocated $12,000 from the share-based payment reserve to share capital.

On January 11, 2017 the company issued 1,464,783 common shares at $0.05 per share to settle trades payables totaling $73,239.

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 March 31, 2017, the Company has 16,171,000 shares held in escrow. The remaining escrowed common shares will be released as follows on these dates: 4,698,000 on May 7, 2017 and 11,473,000 on November 7, 2017.

e. Restricted share unit plan

The Company has adopted a RSU plan (the "RSU Plan"). The RSU Plan was designed to provide certain directors, officers, other key employees and consultants of the Company and its related entities with the opportunity to acquire RSUs of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the shareholders. The RSU Plan allows the Company to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a maximum of 5,000,000 Shares.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSU's. The fair value of RSU's issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon conversion of the RSU, the carrying amount is recorded as an increase in common share capital and a reduction in the share-based payment reserve.

On April 21, 2016, the Company issued 800,000 RSUs at a fair value of $56,000 which were recorded in share-based compensation.

On March 1, 2017, the Company issued 200,000 RSUs at a fair value of $8,000 which were recorded in share-based compensation.

f. Share option plan

The Company has adopted a fixed share option plan (the "Fixed Share Option Plan"). Under the Fixed Share Option Plan, a total of 13,000,000 common shares of the Company are reserved for share incentive options to be granted at the discretion of the Company to its directors, officers, management, employees, or consultants.

(Unaudited – Expressed in Canadian Dollars)

g. Stock options
Summary of the Company's stock options:

	Number	Weighted average exercise price
		$
December 31, 2014	6,705,000	0.075
Cancelled	(2,330,000)	0.075
Exercised	(77,000)	0.075
Granted	2,528,960	0.075
December 31, 2015	6,826,960	0.075
Cancelled	(1,420,000)	0.075
Exercised	(300,000)	0.15
Granted	2,570,000	0.075
December 31, 2016	7,676,960	0.079
Cancelled	(190,000)	0.075
Granted	100,000	0.075
March 31, 2017	7,586,960	0.079

During the year ended December 31, 2015, the Company granted 2,528,960 stock options with a fair value of $152,265, 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.

During the year ended December 31, 2016, the Company granted 2,570,000 stock options with a fair value of $89,436, 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 Company also recorded $7,672 in share-based compensation for stock options issued during the year ended December 31, 2015, which vested in 2016. During the year ended December 31, 2016, the Company repriced previously granted stock options, resulting in a further $89,626 in share-based compensation.

During the three months ended March 31, 2017, 100,000 options were granted and 190,000 options were cancelled.

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

	March 31, 2017
Risk-free interest rate	1.15%
Expected life	5 years
Expected volatility	78%
Dividend rate	0%
Average share price at date of grant	$0.04

(Unaudited – Expressed in Canadian Dollars)

The table below summarizes information on stock options:

Outstanding options	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable options
		$	
623,000	0.57	0.075	623,000
3,150,000	2.60	0.075	3,150,000
375,000	2.60	0.075	366,909
10,000	3.04	0.075	9,300
50,000	3.29	0.075	50,000
140,000	3.60	0.075	105,598
618,960	0.75	0.100	618,960
825,000	4.07	0.075	825,000
150,000	4.17	0.075	150,000
70,000	4.25	0.075	41,225
20,000	4.28	0.075	11,025
1,375,000	4.30	0.075	1,375,000
40,000	4.36	0.075	20,375
20,000	4.52	0.075	8,500
20,000	4.59	0.075	7,433
100,000	4.92	0.075	8,450
7,586,960	2.87	0.077	7,370,775

h. Warrants

The table below summarizes information on warrants:

	Number	Weighted average exercise price	Weighted average remaining contractual life (years)
		$	
December 31, 2014	1,212,312	0.22	-
Finder's warrants	245,000	0.20	-
Share purchase warrants	3,500,000	0.20	-
Share purchase warrants	3,868,500	0.20	0.75
December 31, 2015	8,825,812	0.22	0.33
Share purchase warrants	13,668,316	0.08	1.23
Expired	(1,212,312)	0.22	-
December 31, 2016	21,281,816	0.12	0.93
Expired	(3,745,000)	0.20	-
March 31, 2017	17,536,816	0.11	1.32

(Unaudited – Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

During the periods ended March 31, 2017 and 2016, compensation of key management personnel and related parties were as follows:

	Three Months Ended March 31, 2017	2016
	$	$
Remuneration, fees and short-term benefits	151,000	130,750
Share-based compensation	-	1,074
Total	151,000	131,824

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

The remuneration, fees and short-term benefits include salaries accrued to the Chief Executive Officer and Chief Technology Officer of the Company and consulting fees accrued to the Chief Financial Officer of the Company. The employment agreements and consulting agreement with the Chief Executive Officer, Chief Technology Officer, and Chief Financial Officer were ratified by the Board of Directors and are reviewed periodically.

The Company also entered into consulting agreements with two directors who provide corporate advisory services to the Company. Directors' fees are accrued under these consulting agreements. These two directors do not receive any additional cash compensation as directors of the Company.

As at March 31, 2017, $25,664 (December 31, 2016 - $43,582) was due to related parties, of which $6,868 (December 31, 2106 – $18,707) is for a loan, $8,796 (December 31, 2016 – $7,875) has been recorded in trade payables for unpaid consulting services, and $10,000 (December 31, 2016 - $17,000) has been recorded in accrued liabilities for unpaid compensation. On August 29, 2014, the Company entered into debt settlement agreements with the related parties, whereby the Company will pay $70,794 of the amount due to related parties within a 24-month period. The amounts are non-interest bearing and unsecured. The related parties agreed to extend the repayment of remaining debt to December 31, 2017, subject to available funds generated from operations or equity financing.

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:

	Three months ended March 31, 2017	2016
	$	$
Canada	50,169	29,145
United States	152,568	119,693
Total revenues	202,737	148,838

During the period ended March 31, 2017, a total of $30,426 (March 31, 2016 - $15,000) accounted for revenue from 1 (March 31, 2016 – 1) customer based in Canada. Revenue from this customer constituted more than 10% of total revenues, comprising 15.0% of the total during the period ended March 31, 2017 and 10.1% of the total during the period ended March 31, 2016.

(Unaudited – Expressed in Canadian Dollars)

During the period ended March 31, 2017, a total of $138,389 (March 31, 2016 - $78,360) related to revenue from 3 (March 31, 2016 – 1) customers based in the USA. Revenue from each of these customers in the USA constituted more than 10% of total revenues for the period ended March 31, 2017 and 2016. These customers each comprised 30.4%, 26.3%, and 11.5% of the total during the period ended March 31, 2017 and 52.6% of the total during the period ended March 31, 2016.

11. CASH FLOWS

	Three months ended March 31,	
Net changes in working capital items:	2017	2016
	$	$
Accounts receivable	(21,142)	(44,226)
Prepaid and other assets	24,879	(99,696)
Trade payables and other liabilities	(19,370)	11,600
Deferred revenue	50,441	-
Due to related parties	-	(164)
Total	34,808	(132,486)

12. TRADE PAYABLES AND OTHER LIABILITIES

	March 31, 2017	December 31, 2016
	$	$
Trade payables (Note 9)	195,590	214,336
Accrued liabilities (Note 9)	47,990	40,589
Other payables	2,996	11,021
Total	246,576	265,946

(Unaudited – Expressed in Canadian Dollars)

13. OPERATING EXPENSES

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

	Three Months Ended March 31,	
	2017	2016
Cost of sales	$	$
Consulting fees	6,236	-
Wages & salaries	27,350	14,480
Hosting and other overhead	20,300	15,952
Total	53,886	30,432
General and administrative		
Consulting fees	15,000	15,000
Wages and salaries	63,780	52,486
Professional fees	2,183	2,481
Office, insurance and investor relations	206,407	166,096
Penalties and interest	1,927	-
Total	289,297	236,063
Sales and marketing		
Consulting fees	67,679	67,102
Wages and salaries	109,068	58,812
Travel and entertainment	4,840	6,895
Advertising and licenses	15,581	54,072
Total	197,168	186,881
Research and development		
Salary and consulting	66,013	68,924

14. SUBSEQUENT EVENTS

a) Subsequent to March 31, 2017, the Company entered into an agreement to issue 1,200,000 common shares at $0.05 per share to settle trade payables totaling $60,000.

b) On May 3, 2017, the Company approved to proceed with a share consolidation of the common shares of the Company on the basis of ten pre-consolidation common shares without par value for one post-consolidated common share without par value (the "Consolidation"). The Consolidation is subject to regulatory approval. The Consolidation received regulatory approval as of May 23, 2017.

c) Further to the Consolidation (Note 14 b), on May 5, 2017 the Company entered into a non-brokered private placement of up to 8,333,333 units at $0.30 per unit for gross proceeds of approximately $2.5 million. Each unit will consist of one common Share of the Company and one Share purchase warrant ("Warrant"). Each Warrant will entitle the holder to purchase one additional post-consolidated common share in the capital of the company (a "Warrant Share") at a price of $0.60 per Warrant share for a period of five years from the closing of the private placement. The private placement is expected to close within 45 days and is subject to regulatory approval.