3TL Technologies Corp.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 3TL Technologies Corp.

We have audited the accompanying consolidated financial statements of 3TL Technologies Corp., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity 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 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. as at December 31, 2016 and 2015, 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 3TL Technologies Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 25, 2017

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

3TL Technologies Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2016	December 31, 2015
	$	$
ASSETS		
CURRENT		
Cash	**579,116**	644,513
Accounts receivable	**88,747**	39,144
Prepayments and other assets	**92,507**	30,849
Current assets	**760,370**	714,506
NON-CURRENT		
Equipment (Note 6)	**9,522**	12,201
Total assets	**769,892**	726,707
LIABILITIES		
CURRENT		
Trade payables and other liabilities (Note 8, 12)	**265,946**	263,453
Deferred revenue	**82,576**	-
Due to related parties (Note 8)	**18,707**	-
Current liabilities	**367,229**	263,453
NON-CURRENT		
Due to related parties (Note 8)	**-**	68,871
Total liabilities	**367,229**	332,324
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**9,545,579**	8,121,058
Share-based payment reserve (Note 7)	**2,788,872**	2,438,038
Deficit	**(11,931,788)**	(10,164,713)
Total shareholders' equity	**402,663**	394,383
Total shareholders' equity and liabilities	**769,892**	726,707

Commitments (Notes 8)
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.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars, except number of shares)

	Years Ended December 31,	
	2016	2015
	$	$
Revenue	**665,728**	319,163
Cost of sales (Note 13)	**213,013**	249,934
Gross profit	**452,715**	69,229
Operating expenses		
General and administrative (Note 13)	**1,100,505**	1,502,417
Sales and marketing (Note 13)	**562,525**	709,024
Research and development (Note 13)	**366,754**	586,103
Share-based payments (Note 7, 8)	**242,734**	152,265
Depreciation (Note 6)	**4,958**	6,439
Total operating expenses	**2,277,476**	2,956,248
Operating loss	**(1,824,761)**	(2,887,019)
Other items:		
Interest income	**74**	1,189
Other income	**39,968**	13,194
Write-off of trade payables	**11,020**	-
Foreign exchange gain	**6,624**	19,484
	57,686	33,867
Net and comprehensive loss	**(1,767,075)**	(2,853,152)
Loss per share		
Loss per share – basic and diluted	**(0.02)**	(0.04)
Weighted average number of common shares outstanding - basic and diluted	**90,625,458**	72,634,823

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

3TL Technologies Corp.
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, 2014	71,194,960	7,160,995	1,947,356	(7,311,561)	1,796,790
Issuance of shares for cash (Note 7)	11,237,000	1,473,700	-	-	1,473,700
Share issuance costs (Note 7)	-	(182,920)	-	-	(182,920)
Share issuance costs - finder's warrants (Note 7)	-	(13,800)	13,800	-	-
Options exercised (Note 7)	77,000	15,880	(8,180)	-	7,700
Share-based compensation (Note 7)	-	-	152,265	-	152,265
Issuance of agent's options (Note 7)	-	(30,948)	30,948	-	-
Issuance of share purchase warrants (Note 7)	-	(301,849)	301,849	-	-
Net and comprehensive loss	-	-	-	(2,853,152)	(2,853,152)
Balance as at December 31, 2015	82,508,960	8,121,058	2,438,038	(10,164,713)	394,383
Options exercised (Note 7)	300,000	57,000	(12,000)	-	45,000
Issuance of shares for cash (Note 7)	27,336,636	1,550,165	-	-	1,550,165
Share issuance costs (Note 7)	-	(62,544)	-	-	(62,544)
Issuance of Restricted Share Units (Note 7)	-	-	56,000	-	56,000
Conversion of Restricted Share Units (Note 7)	800,000	56,000	(56,000)	-	-
Share-based compensation (Note 7)	-	-	186,734	-	186,734
Issuance of share purchase warrants (Note 7)	-	(176,100)	176,100	-	-
Net and comprehensive loss	-	-	-	(1,767,075)	(1,767,075)
Balance as at December 31, 2016	**110,945,596**	**9,545,579**	**2,788,872**	**(11,931,788)**	**402,663**

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

3TL Technologies Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended December 31,	
	2016	2015
	$	$
Cash flows from operating activities:		
Loss for the year	**(1,767,075)**	(2,853,152)
Items not affecting cash:		
Depreciation	**4,958**	6,439
Share-based compensation	**242,734**	152,265
Write-off of trade payables	**11,020**	-
Changes in non-cash working capital (Note 11)	**(37,212)**	121,085
Net cash flow used in operating activities	**(1,545,575)**	(2,573,363)
Cash flows from investing activity:		
Acquisition of equipment	**(2,279)**	(3,755)
Net cash flow used in investing activity	**(2,279)**	(3,755)
Cash flows from financing activities:		
Shares issued for cash, gross (Note 7)	**1,550,165**	1,473,700
Shares issuance cost (Note 7)	**(62,544)**	(182,920)
Net changes in related-party loan	**(50,164)**	-
Options exercised for cash (Note 7)	**45,000**	7,700
Net cash flow from financing activities	**1,482,457**	1,298,480
DECREASE IN CASH	**(65,397)**	(1,278,638)
CASH - BEGINNING OF YEAR	**644,513**	1,923,151
CASH - END OF YEAR	**579,116**	644,513

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 April 25, 2017.

b. Basis of consolidation and going concern

The consolidated financial statements include the accounts of the Company and 3 Tier Logic Inc. for the years ended December 31, 2016 and 2015. 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, 2016, the Company incurred a net loss of $1,767,075 (2015 - $2,853,152) and has an accumulated deficit at December 31, 2016 of $11,931,788 (2015 - $10,164,713). 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

a. Revenue recognition

The Company derive revenues from three main sources: (1) product subscription to access Platform , (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

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 loss and comprehensive loss.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale ("AFS"). 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;

- 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, 2016 and 2015, 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 have been recorded as intangible assets as at December 31, 2016 and 2015.

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, 2016 and 2015.

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. 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*
  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.

- IAS 7 Statement of Cash Flows
  In February 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply for annual periods beginning on or after January 1, 2017.

- IFRS 2 Share-based payment
  The IASB issued has published amendments to IFRS 2, Share-based Payment. The new requirements could affect the classification and/or measurement of cash settled share-based payments, classification of share-based payments settled net of tax advantage, and share-based payment from cash-settled to equity settled – and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018.

- IFRS 15 Revenue from contracts with customers
  This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early 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 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, 2016, the Company's capital was $402,663 (2015 – $394,384) 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 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, 2016 and 2015, 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, 2016 and 2015, 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.

6. EQUIPMENT

	Computer Equipment			Furniture and Equipment			Total
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
	$	$	$	$	$	$	$
Balance at December 31, 2014	40,853	(33,836)	7,017	20,779	(12,911)	7,868	14,885
Additions	3,755	-	3,755	-	-	-	3,755
Depreciation	-	(4,865)	(4,865)	-	(1,574)	(1,574)	(6,439)
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

7. 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.

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, 2016, 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.

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.

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

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, 2016	December 31, 2015
Risk-free interest rate	0.73%	0.64%
Expected life	5 years	2.68 years
Expected volatility	83%	84%
Dividend rate	0%	0%
Average share price at date of grant	$0.06	$0.14

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 the current year. During the year ended December 31, 2016, the Company repriced previously granted stock options, resulting in a further $89,626 in share-based compensation.

The table below summarizes information on stock options:

Outstanding options	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable options
		$	
623,000	0.82	0.075	623,000
3,150,000	2.85	0.075	3,150,000
375,000	2.85	0.075	297,784
30,000	3.29	0.075	26,735
50,000	3.54	0.075	50,000
310,000	3.84	0.075	233,825
618,960	1.00	0.100	618,960
825,000	4.32	0.075	825,000
150,000	4.42	0.075	150,000
70,000	4.49	0.075	32,150
20,000	4.53	0.075	8,300
1,375,000	4.54	0.075	1,375,000
40,000	4.61	0.075	14,375
20,000	4.76	0.075	4,967
20,000	4.84	0.075	3,400
7,676,960	3.09	0.077	7,413,496

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	0.12
Share purchase warrants	3,500,000	0.20	0.12
Share purchase warrants	3,868,500	0.20	1.00
December 31, 2015	8,825,812	0.22	0.46
Share purchase warrants	13,668,316	0.08	1.48
Expired	(1,212,312)	0.22	-
December 31, 2016	21,281,816	0.12	1.31

8. RELATED PARTY TRANSACTIONS

During the fiscal years ended December 31, 2016 and 2015, compensation of key management personnel and related parties were as follows:

	December 31, 2016	December 31, 2015
	$	$
Remuneration, fees and short-term benefits	604,004	580,750
Share-based compensation	191,732	4,867
Total	795,736	585,617

The remuneration, fees and short-term benefits were allocated to cost of sales, general and administrative, consulting 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 December 31, 2016, $43,582 (2015 - $71,402) was due to related parties, of which $7,875 (2015 – $2,160) has been recorded in trade payables, and $17,000 (2015 - $Nil) has been recorded in other liabilities. 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.

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, 2016 and 2015:

	December 31, 2016	December 31, 2015
	$	$
Loss before taxes	(1,767,075)	(2,853,152)
Statutory tax rate	26%	26%
Expected income tax recovery	(459,440)	(741,820)
Non-deductible expenses	1,975	3,556
Share-based compensation	63,111	39,589
Share issuance costs	-	(69,594)
True-up of balances	-	57,483
Unrecognized tax benefits	394,354	710,786
	-	-

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

	December 31, 2016	December 31, 2015
	$	$
Non-capital loss carry-forwards	1,768,651	1,341,420
Share issuance costs	80,817	114,984
	1,849,468	1,456,404

As at December 31, 2016, the Company has non-capital loss carry-forwards of $6,802,504 (2015 - $5,159,306), 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	51,144
2033	161,896
2034	1,949,103
2035	2,796,989
2036	1,643,198
	6,802,504

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, 2016	December 31, 2015
	$	$
Canada	52,565	63,955
United States	613,163	255,208
Total revenues	665,728	319,163

During the year ended December 31, 2015, a total of $45,403 accounted for revenue from 1 customer based in Canada. Revenue from this customer constituted more than 10% of total revenues, comprising 14.2% of the total during the year.

During the year ended December 31, 2016, a total of $462,049 (2015 - $245,055) related to revenue from 4 (2015 – 2) customers based in the USA. Revenue from each of these customers in the USA constituted more than 10% of total revenues for the year ended December 31, 2016 and 2015. These customers each comprised 31.9%, 16.6%, 15.5%, and 13.1% of the total during the year ended December 31, 2016 and 57.6% and 20.1% of the total during the year ended December 31, 2015, respectively.

11. CASH FLOWS

Net changes in working capital items:	December 31, 2016	December 31, 2015
	$	$
Accounts receivable	(49,603)	(32,453)
Prepaid and other assets	(61,658)	73,483
Trade payables and other liabilities	(8,527)	96,001
Deferred revenue	82,576	(16,183)
Due to related parties	-	237
Total	(37,212)	121,085

12. TRADE PAYABLES AND OTHER LIABILITIES

	December 31, 2016	December 31, 2015
	$	$
Trade payables (Note 8)	214,336	166,546
Accrued liabilities (Note 8)	40,589	99,285
Other payables (receivables)	11,021	(2,378)
Total	265,946	263,453

13. OPERATING EXPENSES

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

	December 31, 2016	December 31, 2015
Cost of sales	$	$
Consulting fees	47,259	1,147
Wages & salaries	53,817	88,392
Hosting and other overhead	111,937	160,395
Total	213,013	249,934
General and administrative		
Consulting fees	61,000	45,030
Wages and salaries	335,580	500,978
Professional fees	35,310	252,396
Office and insurance	654,110	672,537
Penalties and interest	14,505	6,660
Bad debt	-	24,816
Total	1,100,505	1,502,417
Sales and marketing		
Consulting fees	259,472	416,027
Wages and salaries	171,158	191,937
Travel and entertainment	34,904	62,542
Advertising and licenses	96,991	38,518
Total	562,525	709,024
Research and development		
Salary and consulting	366,754	586,084
SR&ED tax expense	-	19
Total	366,754	586,103

14. SUBSEQUENT EVENTS

a) On March 1, 2017, the Company granted 200,000 RSUs to a consultant on March 1, 2017 with expiry date on December 31, 2020.

b) On March 1, 2017, the Company granted 100,000 options to an employee on March 1, 2017. The options vest on a quarterly basis over three years with an exercise price of $0.075 per share and a five-year term.

c) Subsequent to December 31, 2016, the Company issued 1,464,783 common shares at $0.05 per share to settle trade payables totaling $73,239.