SponsorsOne Inc.

Management's Discussion & Analysis ("MD&A")

For the year ended December 31, 2013

The MD&A of SponsorsOne Inc. ("SponsorsOne" or the "Company") has been prepared by management of the Company as of April 29, 2014 and should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2013 and the listing statement dated December 19, 2013. The audited financial statements and notes thereto and this MD&A are presented in Canadian currency (unless otherwise noted) and were prepared in accordance with international financial reporting standards ("IFRS").

Forward-Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

Overview of the Business

Business Profile

SponsorsOne Inc. (formerly New International Infopet Systems Ltd., or "Infopet") was incorporated under the laws of the Province of Ontario on March 9, 1965. The primary office is located at 99 Randall Drive, Suite 2, Waterloo, Ontario, Canada, L2V 1C5.

MXM Nation Inc. ("MXM" or "MXM Nation") was incorporated on February 2, 2005 under the Business Corporations Act of Ontario, Canada. On December 19, 2013, MXM completed a reverse takeover transaction of Infopet. For accounting purposes, MXM is considered the acquirer and Infopet the acquiree.

MXM was created to support amateur athletes, specifically in Canadian motocross with sponsorship opportunities. In 2007 MXM launched its trackside sponsor promotion program in conjunction with a full support program; MXM signed 30 major sponsors to participate in the program during MXM's first full season. Sponsors recognize the benefits of promotion at a local level, within niche markets.

In 2009, social media was changing the dynamics of the advertising and promotion model. A major equipment manufacturer approached MXM to move the sponsorship model online so every athlete could participate. In response, MXM developed the xCredits online sponsorship engagement model and subsequently recognized that the online solution developed for motocross athletes and sponsors is a highly applicable and beneficial offering for the thousands of Vertical Social Networks ("VSN") in existence faced with the challenges of monetization, user engagement and return on investment for brands/advertisers. In light of recognizing this opportunity, the concept of SponsorsCloud – a platform for integration into any VSN to deliver the social sponsorship engagement and social commerce model – was developed.

Evaluating the disruptive technology innovation and the industry impact of the sponsorship engagement model, MXM pivoted its focus from the single solution for motocross athletes (B2C) to a robust B2B integrated platform for monetizing VSN by delivering social sponsorship engagement and social commerce between Brands (Sponsors) and Users. Subsequently, MXM rebranded itself as SponsorsOne ("SPO") in June 2013. In order to protect this technology innovation, MXM developed a major patent on Sponsorship Management within a Social Network and filed this patent as an international patent on September 20, 2013, and is currently working on drafting a second patent to be filed. MXM Nation will continue to have a presence as a vertical social network capturing the market for Canadian motocross athletes and Brands.

Strategies and Outlook

The Company is in the process of raising capital to execute its three pronged growth strategies and continued development of its disruptive xCredits social sponsorhip engine and the SponsorsCloud technologies.

<u>SponsorsCloud and xCredits Model</u>
SPO is powered by the SponsorsCloud platform and the xCredits sponsorship engagement currency and rewards engine, in combination addressing the social media marketing challenges faced by brands. SponsorsCloud is the platform that integrates with social networks and enables the delivery of the sponsorship engagement model to Brands and users. xCredits is the underlying currency and sponsorship engagement rewards engine that drives the sponsorship engagement model.

Historically, it has been difficult to earn and measure the return on investment and the impact of sponsorship marketing for Brands, aside from when dealing with the top high profile sponsored persons. It is also very challenging for the Brands to nurture one-on-one relationships and keep the sponsored person engaged and promoting the Brand. Frequently, sponsored persons never engage with the Brand again after the initial product/service support engagement. There has been limited ways to measure the impact of sponsorship and/or to determine if promotion of the Brand ever even occurred. To alleviate the challenges of sponsorship engagement (i.e. maintaining ongoing engagement with sponsored persons, no meaningful understanding of the return on investment, costs related to product/service and support given to the sponsored persons with no communication channel post sponsorship), MXM has developed the patent pending xCredits engagement model and is developing the SponsorsCloud platform.

The xCredits system establishes and nurtures a one-to-one relationship between Users and Brands and motivates the user to continuously engage with the Brands through social media. Sponsorship provides an immediate benefit to the User of a social network in the form of immediate discounts to the User from the Brand, set by the Brand. The Brand further engages the User by offering the incentive of xCredits whereby the User will be rewarded with xCredits for engaging with the Brand. Users work their way up to higher levels of sponsorship by continuously and authentically engaging with Brands through various social engagement activities online and in store promotion activities, all the while earning xCredits as a sponsorship reward and currency that can also be used for transactions with the sponsors through the system. The xCredits engine monitors all the activity of the User within the social network and based on criteria set by the Brand such as quantity, quality, and type of engagement related to a Brand (sponsorship program/campaign criteria), xCredits will be transferred from the Brand to the User representing sponsorship currency. The more points the User receives the higher the sponsorship discount levels the User will be entitled to in a tiered format set by the Brand. The xCredits can also be used to access special promotions/offers aside from the core sponsorship program.

The SponsorsCloud platform is being developed to also allow the User to perform ecommerce transactions with the Brands within the system, transfer xCredits to other users, and perform transactions offline in retail locations with discounts and/or offers earned with xCredits. As Users earn xCredits and reach higher sponsorship discount levels, the sponsored User can exchange their xCredits for products and services from their sponsoring brands in whatever channel works best for them, either direct from brand (online/in store) or from a retailer (online/in store).

In combination, SponsorsCard – the SPO mobile app that runs on all mobile devices – will be the primary device that the user of the social network engages with the brand so this can be in real time, anywhere, anytime and any way.

SPO will attract the global and national sponsors into the platform and manage these relationships and SPO will seek to acquire existing digital media marketing firms that have established relationships with major brands. The VSN also have opportunity and are encouraged to bring Brands specific to their network to the platform. The general categories of Brands are:

Global/National: These are the major corporation such as car rental, hotel, fuel, airline, drug prescription, services, office supplies, insurance, financial services, food, home repair, etc.

Regional: These are local product and service providers that may compete with the national sponsors but offer a higher level of local service. Their promotional strategy may be highly differentiated from the national sponsors.

Vertical: These sponsors are very specialized within the VSN and their topic of interest. For example extreme sports may have helmets and snow board manufacturers targeted specifically to this vertical.

The SPO platform will provide all the tools necessary for Brands, Users, and VSN to achieve their social media goals and objectives including earning an impressive return on investment from their social media efforts, which has proven to be very challenging to date in the social era. Brands are provided with an automated, data rich sponsorship platform to reach hundreds of millions of member accounts and thousands of social networks.

The system monitors and tracks and logs all of the relevant data of the system, specifically engagement activity of the User and Brands within the social networks, all of the movement of xCredits between users, brands, and across social networks. This data is then used to perform in-depth analysis and provide analytics reporting to the Brand in the form of marketing intelligence, which is invaluable for Brands. This is an essential component of the platform and this potential insight to be gained by the Brand is unlike any other social media analytics or marketing intelligence available because of the nature of the unique one-to-one social sponsorship engagement model and the data it produces.

The SPO sponsorship engagement and incentive model drives long-term user engagement and is the future of targeted online marketing within social networks in the social era. Sponsorship is the cornerstone to establishing a one-to-one connection between Brands and members of a social network. Dollar for dollar, Brands much prefer to spend their dollars on one-to-one promotion rather than on targeted display ads. Brands recognize the value of word-of-mouth, and the bragging rights Users associate with being sponsored. SPO facilitates this type of marketing in a highly innovative and disruptive manner; continuously connecting the brand and the User on a one-to-one basis through sponsorship while serving the VSN's best interest as well. The Sponsorship model applies to all VSN whereby social networks of all type can benefit from Sponsorship by using it to drive engagement with their Users and monetize their user base.

Expansion Strategy

SponsorsOne has a 3-pronged License, Build, and Buy strategic approach to rapidly build its business and establish its social sponsorship engagement platform as the industry standard for Brands to most effectively engage users in the social era.

1) License Strategy – License and Integrate the Social Sponsorship Engagement Platform: SponsorsCloud is designed for integration into existing VSN. These VSN are targeted to specific markets and interests with a highly engaged user base. While these networks are not necessarily large compared to Twitter or Facebook, they tend to have higher Revenue Per User (RPU) potential than these large consumer-based social networks.

VSN tend to have a smaller user base (between 100,000 to 1,000,000 members) but can usually demonstrate higher RPU. This is driven by higher user engagement and higher conversion to paid subscriptions with higher subscription costs. Further, the RPU through the sponsorship engagement model expects to generate significantly higher RPU than display ads.

Under this strategy, SPO will also seek to partner with major professional influencers who have a substantial number of followers in social media, and who can be considered a VSN of their own with all their followers. These professional influencers will typically have relationships established with major Brands, and Brands are greatly interested in accessing their followers. SPO will license and integrate the SPO platform in their web/mobile properties to monetize their followers.

Integration Revenue

It is anticipated that it will take about 2-3 months to integrate SponsorsCloud into an existing VSN, using the SponsorsOne integration services. The VSN will then begin their marketing programs to encourage user migration to sponsorship, engagement and conducting transactions. Integration fees may be applicable in certain instances and not in other depending on the licensing agreement.

License Revenue

SponsorsOne will bring a slate of national sponsors onto the platform that the VSN can offer to their community immediately with discounts in the 10% - 30% range. This brings immediate benefit to the members of the VSN, encouraging them to engage with xCredits for higher discounts and eventually to transact business among the members and the sponsors. In a licensing model, SponsorsOne will license the platform for a share of gross revenue from subscriptions and sponsorship. In addition, SPO will operate, maintain and support the social sponsorship and commerce Platform, and may charge a monthly fee based on the number of total users on the system.

Transaction Revenue

In addition, SponsorsBank will operate, maintain and support the xCredit transaction system within the SponsorsCloud platform. Revenue is generated from either a monthly fee, continuous on demand, or block purchases of xCredits for rewarding users on engagement activity.

2) Build Strategy: Build the Vertical Social Network: SponsorsOne can rapidly build a social network using its social sponsorship engagement platform and launch to the target user base using traditional social networking techniques. This is the case with the extreme sport's athletes, whereby MXM has established relationships with multiple sponsors, athletes and dealers to participate within the vertical. It is estimated that Extreme sports have 5 million amateur and professional athletes competing in local and international competitions around the world. These sports are very expensive and athlete support is critical. Most sponsorship programs offered by the major manufacturers and service providers are ad hoc and not very well organized and funded. The user engagement model and sponsorship incentives are designed to bring all athletes together with their sponsors and drive an economic model of support, both financially and socially.

SPO will continuously pursue opportunities to develop VSNs to capitalize on target market opportunities. SPO can virtually segment markets to create user clusters for Brands to target, and hence can create and monetize social network segments based on events, demographics, and virtual communities, etc.

Revenues will be derived from Brands paying to access and deliver targeted sponsorship promotion campaigns to these users in the form of a monthly fee, or continuous on demand, or block purchases of xCredits for rewarding users on engagement activity. Note that sponsorship revenue per VSN will vary depending on the number of users within the VSN.

3a) Buy Strategy 1: Acquire the Vertical Network: It is estimated that there are thousands of vertical social networks operating around the world with little to no revenue. Their user count is typically 100,000 to 5 million and their revenue sources are display advertising through Google or Yahoo and possibly a small subscription fee. The valuations on these VSN are low making them an ideal acquisition target in order to acquire more specific users that Brands can target. SponsorsOne will allow each Brand, national, regional and vertical to select the networks they wish to participate in, allowing one-to-one sponsorship engagement to promote their products and services. As discussed, the size of the vertical will determine the Brands monthly fees.

SponsorsOne has identified a number of other VSNto acquire and is working with a number of VSN platform developers to build their VSN strategy on the SponsorsCloud platform creating joint ownership opportunities.

3b) Buy Strategy 2: Acquire Digital Media Creative Agencies: Many global brands are now looking to the boutique digital media creative agencies to deliver their online digital media marketing campaigns, within the social networks. These agencies are unique in their ability to attract and retain the rare combination of creative, marketing and technology talent that are highly sought after by Brands wanting to maximize their online engagement with their Users.

These agencies have a solid relation with most of the global brands that spend significantly on online engagement. Given the marketing initiatives that will be required to build awareness amongst online Users, these agencies are the best of the best in building buzz online. They will assist the Brands on properly running their sponsorship engagement campaigns.

Agencies also have access to some of the most influential people in social media with significant followership all over the world. These major influencers are very attractive and sought after by Brands and have very committed followers with no way to currently monetize their follower base making them ideal candidates for the SPO platform to monetize their network of followers. SPO will seek to partner with these major influencers through the digital media creative agencies.

SPO has an established agreement with a Toronto based agency that has strong relations with a network of some of the best of these agencies around the world. The Toronto agency will lead SPO's acquisition strategy in this regard. A global management firm will be established by SPO and partners to manage the digital media agency conglomerate. This will disseminate strategy to all the creative assets that SPO acquires, and drive and manage the relationships with the marketing departments of the Brands and the major Influencers.

Reverse Takeover Transaction

On December 19, 2013, MXM completed a reverse takeover of Infopet (the "Transaction"). Infopet acquired all of the issued and outstanding shares of MXM by issuing one unit for each MXM common share held. Each unit consisted of one common share of Infopet and one-half warrant exercisable at $0.65 for one common share of Infopet, expiring one year from the date of the transaction.

Each of the stock options and warrants to purchase common shares of MXM were exchanged and retain all original terms but are now exercisable for one common share of Infopet. After closing of the Transaction, the name of the Company was changed to SponsorsOne Inc.

This Transaction has been accounted for as a reverse acquisition that does not constitute a business combination. For accounting purposes, these financial statements reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, MXM.

Operating Highlights

- With the advent and explosion of social media, the Company determined that social media provided the opportunity to expand its business operations.

- On February 5, 2013, the Company officially acquired key intellectual property from an officer of the Company. The intellectual property consisted of the system architecture and design for the social network, current and future patent applications, industry contacts (partners, sponsors, athletes, and customer lists), and Company branding and logos.

- Pursuant to the acquisition of its intellectual property, the Company continues its strategy of filing the patents required to protect its intellectual property and business model.

Selected Financial Information

Selected annual information

	2013	2012	2011
Total revenue	$ nil	$ nil	$ nil
Net loss	$ 1,810,723	$ 182,659	$ 72,010
Net loss per share	$ 0.23	$ 1,826.59	$ 720.10
Total assets	$ 769,739	$ 182,895	$ 201,551
Long-term liabilities	$ 183,300	$ 190,743	$ 198,968
Dividends per share	$ nil	$ nil	$ nil

Selected Quarterly Financial Information

The following table highlights selected unaudited financial information in respect of the previous eight quarters of the Company. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Q4-2013 $	Q3-2013 $	Q2-2013 $	Q1-2013 $	Q4-2012 $	Q3-2012 $	Q2-2012 $	Q1-2012 $
Revenue	-	-	-	-	-	-	-	-
Net loss	1,223,958	273,127	191,221	122,417	23,844	16,577	62,180	80,058
Basic & diluted loss per share	0.15	0.03	0.02	0.03	238.44	165.77	621.80	800.58

Operating Results

Year ended December 31, 2013 compared with the year ended December 31, 2012

For the year ended December 31, 2013, the Company reported a net loss of $1,810,723 versus a net loss of $182,659 in the comparable period for 2012.

A large portion of this loss is attributable to the reverse takeover transaction, which took place in December 2013. This accounts for $846,523 of the net loss in 2013 and is non-recurring in nature. In addition, of this amount, $563,898 is non-cash transaction costs.

Sales, general and administrative expenses were $668,094 during 2013 vs. $151,790 in 2012. This increase is predominantly due to the change in focus of the Company and the hiring of several key consultants in 2013 as it begins to ramp up operations.

The Company also undertook research and development activities in 2013 as it focuses on the development of the social media sponsorship infrastructure. The Company incurred $136,652 of research and development expenses in 2013 vs. $nil in 2012.

Depreciation increased from $15,383 in 2012 to $145,511 in 2013. This is due to the acquisition of key intellectual property during 2013, which had a total cost of $425,000.

Three months ended December 31, 2013 compared with the three months ended December 31, 2012

For the three months ended December 31, 2013, the Company reported a net loss of $1,223,958 versus a net loss of $23,844 in the comparable period for 2012.

A large portion of this increase, as with the year ended December 31, 2013, was attributable to the $846,523 incurred in listing costs for the reverse takeover transaction, versus $nil in 2012. The transaction took place in the fourth quarter of 2013.

In addition, operations of the Company ramped up in the last quarter of 2013, resulting in a significant increase in expenses across the board compared to the fourth quarter of 2012. This includes increases in sales, general and administrative expenses, research and development, and depreciation.

General and Administrative Expenses

	Years ended December 31, 2013	2012
Salary and wages	$ **-**	$ 84
Professional fees	**113,433**	57,188
Consulting fees	**415,846**	-
Office, rent and miscellaneous	**122,568**	52,231
Travel and accomodation	**16,247**	42,287
	$ 668,094	**$ 151,790**

Liquidity and Capital Resources

The Company is in the early stage of operations and is in the process of expanding its operations and requires additional capital to achieve its strategic objectives. The Company requires additional working capital to fund business development efforts expanding its VSN, building and acquiring new VSN and licensing its technology, establishing strategic partnerships, and executing acquisitions.

As at December 31, 2013, the Company had a working capital deficiency of $177,491. As at the date of this report, the Company had a working capital deficiency of approximately $700,000. SponsorsOne is currently not generating operating cash flows, and has significant cash requirements to continue its research and development of its platforms and administrative overhead. In order to meet future expenditures and development costs, SponsorsOne will need to raise additional financing. Although SponsorsOne has been successful in obtaining financing to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to SponsorsOne. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties represent significant risks to the Company's ability to continue as a going concern.

The Company is currently working on raising additional funds to address the current working capital deficiency and the company has implemented a strict cash flow management process with oversight from the board of directors to ensure cash is utilized in the most effective manner. This includes weekly cash flow management meetings, budget committee pre-approval of all cash expenses and disbursements, and on-going cash balance tracking and management. During times of working capital deficiencies, management and the board of directors collectively prioritize necessary payments and communicate payment plans with the relevant stakeholders/vendors.

Commitments

The Company is committed to the rental of facilities. Future minimum lease payments are as follows: $63,420 in 2014.

The Company has no commitments for capital expenditures.

Contingencies and Off-Balance Sheet Arrangements

The Company has no contingencies and no off-balance sheet arrangements.

Outstanding Share Data

As at the date of this report, the following Common Shares and convertible securities of the Company are issued and outstanding:

Common Shares – issued and outstanding	13,788,990
Stock options – vested and unvested	1,305,000
Warrants	11,466,774

Accounting Changes

The Company has adopted the following IFRS accounting standards as of January 1, 2013 with no material impact on the consolidated financial statements:

- IFRS 7: Financial instruments, disclosures
- IFRS 10: Consolidated financial statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interest in other entities
- IFRS 13: Fair value measurement
- IAS 28: (Revised 2011) Investments in associates and joint ventures

Future Accounting Changes

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods yet to be determined.

Transactions with Related Parties

The amounts due from (to) related parties as at:

	2013	2012
Due to a company controlled by an officer (Pilkington Capital, Mr. Gary Bartholomew)	**-**	$477,503
Due from a company controlled by a director (PinPoint Services Canada, Mr. Doug Beynon)	**$2,300**	-

The following table outlines the Company's related party transactions for the periods ending:

	2013	2012
Transfer of Intangible Property by an officer of the Company (Mr. Myles Bartholomew)	**$425,000**	-
Shares issued to a company controlled by a director of the Company to settle expense reimbursement amounts due (Pilkington Capital, Mr. Gary Bartholomew)	**$599,999**	-
Shares issued to a former officer of the Company to settle amounts due (Mr. Jack Greenberg)	**$206,000**	-

Remuneration of key management personnel of the Company for the year ended December 31, 2013 included $450,606 of short-term compensation (2012 – $Nil) and $77,531 of share-based compensation (2012 – $Nil).

The Company also has a loan outstanding to which an officer of the Company (Mr. Gary Bartholomew) is paying on behalf of the Company.

In February 2007, a company controlled by an officer of the Company entered into a loan agreement for the purchase of equipment. As the Company holds an exclusive use agreement over the equipment, which was obtained for the benefit of the Company, and the Company has agreed to pay for all reasonable costs associated with using and financing the equipment, the equipment and corresponding loan obligation are recorded on the Company's records. The loan amount was $42,043, maturing February 2023 bearing interest at 6.69%. The loan was refinanced at 7.71% for another five years effective February 2012. The equipment serves as collateral for the loan. As at December 31, 2013, the balance of this loan was $29,525 (2012 – $31,660).

In March 2011, an officer of the Company entered into a loan agreement for the purchase of equipment. As the Company holds an exclusive use agreement over the equipment, which was obtained for the benefit of the Company, and the Company has agreed to pay for all reasonable costs associated with using and financing the equipment, the equipment and corresponding loan obligation are recorded on the Company's records. The loan amount was $176,910, maturing February 2028 bearing interest at 7.64%. The loan was refinanced at 7.10% in August 2013. The equipment serves as collateral for the loan. As at December 31, 2013, the balance of this loan was $162,617 (2012 – $167,308).

On July 5, 2013, the Company entered into a loan agreement for $40,000. The loan matured when the Company raised $150,000 in equity financing and was repaid during the year.

The following table summarizes the payments and interest payable for the next five years:

	December 31, 2013	December 31, 2012
Payments due within one year	**22,374**	23,164
Payments due years two to five	**89,497**	115,818
Total Interest paid	**60,506**	67,632

Financial Instruments

All financial assets are classified either fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables or available-for-sale. Also, all financial liabilities are classified as either held for trading or other financial liabilities. All financial instruments are initially recorded on the balance sheet at fair value. After initial recognition, financial instruments are measured at the fair values, except for held-to-maturity investments, loans and receivables and other liabilities, which are measured at amortized cost.

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

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	FVTPL	FVTPL
Other receivables	Loans and receivables	Amortized cost
Investments	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost

Subsequent Events

NFU Inc. Acquisition

Subsequent to the year, the Company entered into a term sheet to acquire NFU Inc. ("NFU"), a Toronto-based digital marketing and creative agency. The Company intends to issue up to 1,000,000 shares at a price of $0.90 per share for a total of $900,000. These shares will be issued under the following schedule: 20% at closing, 20% six months after closing, 30% on the first anniversary of closing, and the remaining 30% issued eighteen months after closing. The final 30% tranche of shares will be subject to NFU meeting certain performance criteria.

The pending acquisition is conditional on board approval, regulatory approval, due diligence and the negotiation of definitive documentation.

Warrant exercise

Subsequent to the year, 366,667 warrants were exercised for gross proceeds of $110,000.

Stock options

Subsequent to the year, 150,000 stock options were issued, exercisable at $0.95 per share for a period of 10 years from the date of grant. 50,000 options vested immediately, with the remainder vesting 10% upon issuance, and 45% on each anniversary thereafter until fully vested.

Risks and Uncertainties

Given the speculative nature of the business of the Company, an investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered to be exhaustive and may not represent all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company’s business operations. If any of the risks described below occur, the Company’s business, financial condition, liquidity and results of operations could be materially harmed:

Limited Operating History and Sales

The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's SponsorsCloud platform because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

No Assurance of Profitability

The Company cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Company is subject to the risks inherent in the operation of a new business enterprise in an emerging business sector, and there can be no assurance that the Company will be able to successfully address these risks.

Future Capital Needs; Uncertainty of Additional Funding

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favourable or reasonable commercial terms or that financing will not result in substantial dilution to the Company's shareholders.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain appropriate personnel. Competition for these personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain them. To do so, it may be necessary for the Company to materially increase the compensation it pays.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Competition

Competition in the advertising industry as it relates to digital and social media is increasing. While the Company is targeting smaller niche sites with higher expected revenues per subscriber, there can be no assurances that competitors will not adopt a similar strategy and attempt to enter the markets that the Company has targeted.

Dependence on Proprietary Technology and Limited Protection Thereof

The Company will be relying on a combination of trademark, copyright, patent and trade secret law, as well as confidentiality restrictions contained in certain confidentiality agreements, to establish and protect the Company's proprietary rights in its intellectual property. As a result, the Company may not be able to adequately prevent a competitor, business partner or customer from creating or obtaining an illegal copy of its software or otherwise using it for inappropriate purposes such as reverse-engineering.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect the Company's operating results.

Asset Location and Legal Proceedings

Substantially all of the Company's assets are located in Canada where intellectual property is generally enforced. Social media is global in nature, and the Company expects to have subscribers and assets located outside of Canada. Accordingly, the Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Risk Associated with Foreign Operations in Developing Countries

The Company's primary revenues are expected to be achieved initially in North America. However, the Company may expand to markets outside of North America, and become subject to risks normally associated with conducting business in a developing country. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Market Acceptance

The Company's ability to gain and increase market acceptance of its platform depends upon its ability to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on market research, product development, product testing, strategic relationships and marketing initiatives may be required.

Rapid Technological Change

The advertising industry as it relates to social and digital media marketing is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Company's existing products and systems obsolete and can exert price pressures on existing products. It is critical to the Company's success that it be able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Product Defects and Reputation

The Company will continue developing source code for its platform. Such source code and related products may contain errors or hidden defects that may significantly impact the user experience. The Company may not be able to correct the defects in a timely manner, and may lead to a loss of or a delay in market acceptance. In addition, such errors or hidden defects could cause adverse damage to its reputation and impair its ability to acquire new users. In addition, the Company may need to make significant expenditures to eliminate defects from its products. As well, errors and defects could lead to claims for liability or other claims involving costly litigation.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company intends to pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Data Transmission

The Company transmits the majority of the content of its SponsorsCloud platform as a service over the Internet. If the Company experiences transmission failures or limited transmission capacity on the Internet or other data networks the Company may use, it may be unable meet its commitments.

Insurance Coverage

The Company will require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk

The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax Act* (the "**Tax Act**"). However, the Company will be operating in the social and digital media space, a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Risks in Foreign Jurisdictions

Social media is a global phenomenon, and the Company anticipates that a significant user base will be located outside Canada. International business activities entail additional risks such as uncertainty as to the protection and use of intellectual property, partnership risks, political risks, legal and regulatory risks, the risk of increase in taxes (including value added taxes) and trade barriers. Furthermore, as profits of foreign subsidiaries are taxable under foreign income tax legislation, revenues from foreign operations could be adversely impacted.

Currency Fluctuations

Due to the Company's present operations, and its intention to in the future operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations in the future. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of the Company’s revenue could be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company’s business, financial condition and operating results. The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Quarterly Results

The Company's quarterly operating results may fluctuate significantly in the future depending on factors such as the popularity of social media, the ability to attract users, progress on implementation of projects and upgrades, the number, timing and significance of new product announcements by the Company and its competitors, the ability to license and develop new VSN, introduce and market new and enhanced versions of products on a timely basis, changes in operating expenses, and general economic factors, among others. A significant portion of the Company's expenses are based on expectations of future revenue and, therefore, is relatively fixed in the short-term. Accordingly, if revenue levels are below expectations, operating results are likely to be adversely affected. As quarterly revenue is dependent upon building a significant user base, and the ability to monetize that user base, the inability to build and monetize the user base could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

Officer and Director Conflicts

The Company's officers and directors may have certain interests and arrangements that are different from, or in addition to the Company's shareholders. Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.

Legal Claims and Contingent Liabilities

There were no material legal claims or contingent liabilities outstanding.