SPONSORSONE INC.

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

For the period ended December 31, 2015

The MD&A of SponsorsOne Inc. ("SponsorsOne", "SPO" or the "Company") has been prepared by management of the Company as of April 30, 2015 and should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2015 and 2014. 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 400 – 365 Bay Street, Toronto, ON M5H 2V1.

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 many 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 social network 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 social networks by delivering social sponsorship engagement and social commerce between brands (sponsors) and users. Subsequently, MXM rebranded itself as SponsorsOne 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 then filed a second Canadian and US patent on March 18, 2016. MXM Nation will continue to have a presence as a vertical social network for the Canadian motocross market.

Strategies and Outlook

The Company is continuing to raise capital to execute its growth strategy and continue development of its SponsorsCloud™ platform. SponsorsCloud is a social sponsorship system composed of a proprietary sponsorship currency and transaction engine, a sponsorship campaign management application, and a data analytics engine that creates and leverages brand-focused proprietary social advertising networks for brands and marketing agencies to deliver highly engaging data driven social sponsorship campaigns.

SponsorsCloud platform and xCredits social sponsorship model

The SponsorsCloud platform and the xCredits sponsorship currency and transaction engine, in combination are designed to address social media marketing challenges faced by brands. SponsorsCloud is a platform that integrates with social networks and enables the delivery of the social sponsorship engagement campaigns, transactions, and commerce between brands and users. xCredits is the underlying currency and transaction engine that drives the social sponsorship engagement campaigns and overall model. The SponsorsCloud platform and the social sponsorship engagement model is designed to build proprietary, highly engaged advertising networks for brands and behave as a social marketplace for brands and users to perform social transactions.

Historically, it has been difficult to earn and measure return on investment and impact of sponsorship marketing for brands, even 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 engagement with the brand greatly diminishes or is non-existent 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.

Advertisers face significant limitations with current social media marketing techniques as well. Social media advertising spending is continually increasing at impressive rates, but the effectiveness and return on investment of these advertising dollars is much less impressive for brands and the consumers on the receiving end of these advertisements. To address the challenges of sponsorship engagement and social media advertising (i.e. lack of ongoing engagement with customers/sponsorees, no meaningful understanding of the return on investment, costs related to products/services and support given to customers/ sponsorees with no communication channel post advertisement/sponsorship promotion), SPO is developing the SponsorsCloud platform and patent pending xCredits engagement model for creating highly engaged proprietary advertising networks for brands.

The platform and xCredits sponsorship engagement model nurtures one-to-one on-going relationships between brands and customers, and motivates the user to continuously engage with the brands through social media in a meaningful and authentic manner. Sponsorship provides rewards to the user in the form of immediate discounts from the brand, set with 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 and transacting with brands through various social engagement and commerce activities online across all social networks. Users are continually earning xCredits as a sponsorship currency in exchange for their online promotional engagement with the brands that can be used for transactions with the brands through the social commerce system. The xCredits engine monitors all the activity of the user across the social networks and based on criteria set with the brand such as quantity, quality, and type of engagement (sponsorship program/campaign criteria), xCredits are awarded to the user representing sponsorship currency. The more credits the user earns, the higher the sponsorship level the user achieves in a tiered format set with the brand, entitling the user to greater discounts and better credit redemption offers. The xCredits earned by the user can be redeemed for cash towards products/services or access to special promotions/offers aside from the core sponsorship program. This is essentially sponsorship earnings for the user in exchange for the promotion and exposure that user achieved, with credit earnings basically equating to a payment per impressions or action generated by that user.

The SponsorsCloud platform is being developed as a social marketplace to allow users to earn credits and perform ecommerce transactions with the brands within the system, transfer xCredits to other users or charitable organizations, 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 use their discounts and exchange their xCredits for cash towards products and services from the brands in whatever channel works best for them, either direct from brand (online/in store) or from a retailer (online/in store).

SponsorsCard is the mobile application being developed to run on all mobile devices. This is expected to be the primary method for users to engage with the brands and their campaigns. This allows engagement in real time, anywhere, anytime.

The system tracks and logs all of the relevant data of the system, specifically engagement activity of the user and brands within the social networks, and 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 in the form of highly valuable marketing intelligence for brands. This is an essential component of the platform and the insight to be gained by the brand is unlike any other social media analytics or marketing intelligence available because of the unique nature of the one-to-one social sponsorship engagement model and the data it produces.

The SponsorsCloud platform will provide tools necessary for brands, users, and VSN to achieve their social sponsorship goals and objectives including earning an impressive return on investment from their social sponsorship efforts, which to date has proven to be very challenging with existing social media marketing techniques. Brands are provided with an automated, data rich sponsorship platform to reach their target customers across all social networks in the form of proprietary advertising networks.

Strategic Positioning

With the SponsorsCloud™ platform, SponsorsOne is positioned to create brand focused proprietary social advertising networks that are highly engaging. SponsorsCloud is a tool to work with brand marketers and agencies to create and deliver data driven creative campaigns based on the social sponsorship model. The platform can consolidate brands' target customers into proprietary ad networks by accessing the brands' and their followers' social networks across all social channels and then delivering data-driven social sponsorship campaigns designed to be highly engaging and to nurture long-lasting, mutually beneficial and authentic brand-consumer relationships. The platform is being developed to create proprietary target market segment and user clusters for specific brands, and hence can create and monetize proprietary social ad networks that can also be based on things such as events, demographics, and virtual communities, etc. The SponsorsCloud platform and social sponsorship model leverages and expands on brands' existing social networks and social media campaigns turning them into proprietary, highly engaged ad networks of followers incentivized to become their top marketers and sales people.

The ability to combine data driven marketing campaigns and creative assets with a proprietary social ad network that rewards the users for their involvement will change the way brands connect to their customers. Brands can utilize the SponsorsCloud to inspire real movements around their products and services in a manner in which their most valuable social customers become their best salespeople through word-of-mouth marketing, sales referrals, and team work producing far greater ROI than current social media advertising methods.

The social sponsorship engagement model drives long-term user engagement and positions SPO to potentially disrupt the future of targeted online marketing within social networks in the social era. Sponsorship is the most effective manner of establishing one-to-one connection between brands and customers. 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 referrals, and the bragging rights users associate with being sponsored. SPO facilitates this type of marketing in a highly innovative, disruptive, and effective manner by continuously connecting the brand and the user on a one-to-one basis through sponsorship while serving the best interest of both brands and customers.

Strategic execution

SPO hopes to attract global, national, and regional sponsors onto the platform and to deliver the SponsorsCloud and associated products as a service to these brands. SPO will seek to partner with and potentially acquire existing creative agencies and marketing firms that have established relationships with major brands. SPO will also pursue partnerships with VSN that can bring brands specific to their network to the platform. The general categories of Brands are:

Global/National: These are the major corporations such as car rental, hotel, fuel, airline, drug prescription, services, office supplies, insurance, financial services, food, home repair, fashion brands, sporting & lifestyle brands, 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.

Revenue Model

Revenues will be derived from Brands paying to access and deliver targeted social sponsorship promotional campaigns to these users in the form of media buying based on standard digital media metrics such as impressions, and the users being rewarded with xCredits for their engagement activity.

Acquisition and Partnership Strategy

The most effective manner for SPO to work with brands is through marketing, media, and creative agencies that already have strong working relationships with the brands and other agencies in the industry, especially those that are the most social media oriented. These agencies are where the majority of marketing campaigns and budgets flow through. Many brands look to the boutique marketing and creative agencies to deliver their marketing campaigns, especially within the challenging digital and social media space. 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 target market. These agencies are the best of the best at building buzz online. They assist brands on properly executing their marketing campaigns in the social and digital era and are ideal for doing so with social sponsorship engagement campaigns and the SponsorsCloud.

Brands spend over USD$600 billion annually to market their products and services. Of this total expenditure, 70% is utilized to acquire distribution to ad networks with the balance of the budget used for creative production.

Sponsors One's is seeking to partner with or acquire top marketing and creative agencies that service top brands and generate revenue in the $5-25M range, and then leverage these agency-brand relationships to deliver SPO's solutions to the brands. By utilizing SponsorsCloud, it is expected that these agencies will be able to dramatically grow revenue by capturing greater media budgets by selling access to the proprietary social ad networks created through social sponsorship. Combining creative agencies plus the social ad networks focuses the agency on data driven campaigns and creative content to drive higher returns over any other forms of marketing. This changes the business model of the agency, allowing them to leverage their creative talent with a technology platform to better serve the brands and improve their profit margins and growth potential.

The digital marketing space has rapidly evolved with the onset of digital technology. It is becoming more difficult for creative agencies to stay relevant with the increasing prominence of technology, as brands look to bring resources in house. SponsorsOne plans to overcome these challenges with its creative agency roll-up strategy by bringing technology and creative agencies together. The strategic alignment of top creative talent together with the SponsorsCloud technology produces a competitive advantage on both sides.

The acquisition and partnership strategy is expected to significantly accelerate adoption of SponsorsCloud. The brands do not want to buy technology nor do they want to use it necessarily. They allocate capital to the agencies who then decide the most effective way to deploy it. By partnering and/or acquiring the leading creative teams with existing contracts from the largest brands, SPO will greatly improve its rate or adoption. The competitors often talk about eliminating the agency and going direct to brands, but SPO does not consider this the best approach considering the biggest challenge is selling technology based solutions to the brands. Brands are timid with technology adoption, and there are very few brand managers who will be early adaptors. They tend to look to their competitive set to make decisions. If SPO is able to leverage existing agency relationships that contain trust and decision making responsibility than this process becomes much easier. The agency relationships bypass the need to sell the technology to the brands and can drive rapid adoption through simply allocating brand-marketing budgets to the SponsorsCloud platform and delivering results on their campaign budgets. In other words, agencies can place their clients onto the platform as part of their campaign execution as opposed to selling to them as a technology company that doesn't understand their larger branding and marketing initiatives and who is not already working with them. Agencies bring strong relationships that contain essential understanding of brands larger initiatives, full marketing understanding, and trust. Adding agencies allows SPO to seamlessly provide a visible client base with high traffic, eliminating the largest hurdle for technology. In partnership, the agencies will place the proprietary social ad networks within the marketing initiatives of the CMO who control the full marketing spend, and SPO sales team work with the CTO's.

On August 19, 2015 SPO completed a share purchase transaction to acquire 100% of NFU Inc. ("NFU"). The Company issued 904,615 common shares representing 70% of the share consideration, with the issuance of the remaining 30% tranche of shares subject to NFU meeting certain performance criteria. NFU is a Toronto-based digital marketing and creative agency that has strong relations with a network of some of the best of these agencies around the world. The Toronto agency will assist with SPO's acquisition strategy.

A global management firm will be established 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. The Global Creative Agency conglomerate will essentially be SPO's product and service delivery channel, contributing significantly to business development, and also acting as a talent and resource pipeline.

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

- The Company completed due diligence and finalized and entered into a share purchase agreement for its first acquisition, NFU Inc. NFU is a Toronto-based digital marketing and creative agency. The Company intends to issue up to 1,292,308 shares at a price of $0.65 per share for a total of $840,000. These shares will be issued under the following schedule: 70% after closing and the final 30% tranche of shares will be subject to NFU meeting certain performance criteria.

  On August 19, 2015, the acquisition was completed. The Company issued 904,615 common shares representing 70% of the share consideration.

- On Feb. 4, 2015, SPO entered into a definitive term sheet to acquire 100% of the assets of JWALK NY LLC ("JWALK"), one of the leading full service creative agencies in the USA. JWALK has distinguished itself as a sought-after partner for its nimble and creative solutions to clients' business problems. JWALK specializes in culturally connecting lifestyle brands with consumers and has an industry focus on retail/fashion, beauty, hospitality, spirits and Consumer Packaged Goods. Over its existence, JWALK's client base has represented some of the top 100 women's lifestyle brands globally such as Lacoste USA, bebe, bareEscentuals and Gucci, along with clients such as Microsoft, Equinox and Samsung. The proposed transaction provided that SponsorsOne would acquire 100% of the assets of JWALK for USD$6 million, in a combination of cash and common shares of the Company. The acquisition was scheduled to close March 30, 2015 subject to financing, regulatory approval, and the completion of due diligence and definitive agreements. The transaction was not completed by the closing date and hence the agreement has expired. However, discussions are ongoing between the parties.

- SponsorsOne is continually working on building a pipeline of advisors, potential collaboration partners, and acquisition targets. This pipeline is a channel for SPO to access brands, creative talent, technology, and social networks and top professional influencers that can bring a substantial user base to the SponsorsCloud platform. The Company has been successful in attracting Warren Noronha, Lord Seb Webber, Ricardo Camargo, and Billy Melnyk to SponsorsOne's advisory team. This team gives SPO strong connections in the Fashion industry, Music industry, Action-sports & Lifestyle industry, and in the digital marketing field.

- The company continues to work on product design and development in order to transition from a prototype system to a commercial ready system and beta testing and launch.

Selected Financial Information

Selected Annual Financial Information

The following table reflect the summary of results for the periods set out.

	December, 2015	December 31, 2014
	$	$
Total Assets	**193,615**	670,007
Total Revenue	**Nil**	Nil
Net Loss	**(3,009,241)**	(2,687,945)
Net Loss Per Share (Basic and Diluted)	**(0.13)**	(0.18)

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.

	Q4-2015 $	**Q3-2015 $**	**Q2-2015 $**	**Q1-2015 $**	**Q4-2014 $**	**Q3-2014 $**	**Q2-2014 $**	**Q1-2014 $**
Revenue	-	-	-	-	-	-	-	-
Net loss	1,076,093	502,557	534,633	895,958	738,948	681,805	668,132	599,060
Basic & diluted loss per share	0.06	0.03	0.03	0.05	0.04	0.04	0.05	0.05

Operating Results

Three months ended December 31, 2015 compared with December 31, 2014

For the twelve months ended December 31, 2015, the Company reported a net loss of $3,009,241 versus a net loss of $2,687,945 in the comparable period for 2014. This increase in loss is mainly attributable to higher consulting fees.

Marketing, general and administrative expenses were $2,487,151 during 2015 versus $2,099,520 in 2014. The increase is attributable to higher consulting expenses relating to the NFU acquisition of $542,769. See "Marketing, general and administrative expenses" table below for a further breakdown. These expenses are expected to increase in future periods.

The Company incurred $195,000 in research and development costs for the twelve months ended December 31, 2015 compared to $149,000 in the same period in 2014. The decrease is due to the company not able to develop its products due to funding constraint. These fees are expected to increase going forward as the Company will direct more resources once financing is secured.

Depreciation also slightly increased from $157,952 in 2014 to $158,213 in 2015. There was no acquisition of capital assets during the twelve months ended December 31, 2015 and 2014.

Finance charge for the twelve-month period ended December 31, 2015 was $286,307 compared to $14,278 in 2014. The Company incurred US$200,000 of expenses related to JWALK in the current period and additional costs relating to the promissory note.

The Company realized a gain of $71,430 (2014 – Nil) on the settlement of debts relate to advisors' fees.

Three months ended December 31, 2015 compared with December 31, 2014

For the three months ended December 31, 2015, the Company reported a net loss of $1,076,096 versus a net loss of $738,948 in the comparable period for 2014.

Marketing, general and administrative expenses were $1,128,085 during 2015 versus $821,653 in 2014. The increase is attributable to higher consulting expenses relating to the NFU acquisition of $542,769. See "Marketing, general and administrative expenses" table below for a further breakdown. These expenses are expected to increase in future periods.

The Company recaptured $23,500 in research and development costs for the three months ended December 31, 2015 compared to $16,500 in the same period in 2014 due to the decrease of the value accrued for work done by a consultant.

Depreciation remained constant at $39,553 for the same periods in 2015 and 2014. There was no acquisition of capital assets during the three months ended December 31, 2015 and 2014.

Finance charge for the three month period ended December 31, 2015 was $3,385 compared to $3,477 in 2014.

The Company realized a gain of $71,430 (2014 – Nil) on the settlement of debts relate to advisors' fees.

Marketing, general and administrative expenses

	Three months ended December 31, 2015	2014	Twelve months ended December 31, 2015	2014
Professional fees	**$ 23,904**	$ 102,533	**$ 110,018**	$ 214,469
Consulting fees	**$ 1,242,828**	$ 186,962	**1,655,551**	870,352
Advisory fees	**$ 202,972**	$ 100,074	**421,512**	334,355
Stock-based compensation	**$ 51,310**	$ 135,441	**171,044**	336,167
Office, rent and miscellaneous	**$ 43,166**	$ 125,854	**115,047**	258,545
Travel and accommodation	**$ 5,507**	$ 28,360	**13,979**	85,632
	$ 1,569,689	$ 679,224	**$ 2,487,151**	$ 2,099,520

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 product development and 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, 2015, the Company had a working capital deficiency of $2,000,460. As at the date of this report, the Company had a working capital deficiency of approximately $2,500,000. 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.

Exercise of Warrants

During the year-ended December 31, 2015, 231,669 warrants were exercised for gross proceeds of $150,585.

Debt Settlement

As at September 30, 2015, the Company issued 885,710 common shares to settle $581,922 of debt.

Promissory Note

In April 2015, the Company entered into a promissory note agreement with Argentas Holdings. The principal amount of the note is $65,000 with $13,000 arrangement fee. Maturity of the loan is June 23, 2015. If the loan is not paid as of the maturity date, interest accrual commences at a rate of 20% per annum on the principle and arrangement fee outstanding. This note was paid, along with the interest, in June 2015. The terms of the agreement has been satisfied and the Company has no further obligation relating to this promissory note.

Subsequent to December 31, 2015, the Company signed a promissory note with a director for $15,000. The note bears 15% per annum and payable on the date when the Company completes an equity financing of no less than $150,000 of equity capital. The holder has an option to convert the principal and interest on the same terms as the equity financing and settle with common shares and warrants.

Commitments

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	18,359,306
Stock options – vested and unvested	1,410,000
Warrants	4,512,983

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 ("IFRS 9") covers the classification and measurement of financial assets and financial liabilities and the effective date is for annual periods on or after January 1, 2018, with earlier application permitted. The Company is still assessing the impact of adopting IFRS 9. Amendments to IFRS 9 also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

Transactions with Related Parties

During the period ended September 30, 2015 key management compensation was $520,354 (December 31, 2014 - $752,377). Management compensation has been included in the following expense accounts:

As at December 31,		**2015**		2014
Consulting fees	**$**	**700,000**	$	520,000
Accounting fees		**24,000**		46,000
Share-based compensation		**110,422**		186,377
	$	**834,422**	$	752,377

As at December 31, 2015, included in accounts payable and accrued liabilities is $1,077,328 (2014 – $452,246) due to related parties for consulting services.

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, 2015 the balance of this loan was $24,897 (2014 – $27,428).

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, with the maturity date unchanged. The equipment serves as collateral for the loan. As at December 31, 2015, the balance of this loan was $148,185 (2014 – $155,596).

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

As at December 31,	**2015**	2014
Payments due within one year	**22,722**	22,722
Payments due years two to five	**90,888**	90,888
Total Interest paid	**51,635**	56,956

Financial Instruments

All financial assets are classified either held fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale. Also, all financial liabilities are classified as either fair value through profit or loss 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	Fair value through profit or loss	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost

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 in North America initially. 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 is 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.