SPONSORSONE INC.

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

Year ended December 31, 2017

The MD&A of SponsorsOne Inc. ("SponsorsOne", "SPO" or the "Company") has been prepared by management of the Company as of March 19, 2018 and should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2017 and 2016. 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.

BUSINESS OVERVIEW AND CORPORATE UPDATE

Business Profile

SponsorsOne Inc. ("SPO") 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 Nation Inc., ("MXM") a wholly owned subsidiary of SponsorsOne Inc., was created in 2006 to support amateur athletes with sponsorship opportunities. In 2007, MXM launched and signed 30 Sponsors (Brands) who sought the benefits of promotion at a local level. The Brands rewarded the amateur athletes by receiving product discounts and cash gift certificates to purchase the Brands products. The Brand's witnessed authenticate "word-of-mouth marketing" from the amateur athlete, which resulted in measurable sales among the athlete's network.

As social media began changing the dynamics of advertising and promotion models, MXM capitalized on this shift by linking the athletes' social media to the online ecommerce store, where all "word-of-mouth marketing (also called "Earned Media") could, in theory, directly be measured to sales. Recognizing that this model is applicable and beneficial to many brands across different industries and including all users of social media, the concept of SponsorsCloud, a platform for integration into any social network to deliver a Brand's smart campaigns to communities of influencers, was developed.

Evaluating the potential disruptive technology, innovation and industry impact of the sponsorship engagement model, MXM pivoted its focus from the single solution for amateur athletes (B2C) to a B2B integrated platform for monetizing social networks by delivering smart marketing campaigns with integrated social commerce between Brands (sponsors) and users (influencers). Subsequently, MXM rebranded itself as SponsorsOne in June, 2013 ("SPO"). In order to protect this technology innovation, MXM filed an international patent on September 20, 2013 on sponsorship management within a social network. Subsequently, SPO filed a second Canadian and US patent on March 18, 2016 that automatically calculates the price of the SponsorCoin at the precise time of a transaction between the Brand and the Influencer. This price is based on the Influencers and a number of social indicators, including network reach, post content, number of interactions, etc., as it specially relates to the Brand. SPO continues to develop this technology and advance its patent portfolio.

Strategies and Outlook

The Company is raising capital to execute its growth strategy and continue development of its SponsorsCloud™ platform. SponsorsCloud is a 'smart marketing' campaign creation tool composed of a proprietary cryptocurrency called the SponsorCoin. SponsorsCloud also provides a smart campaign creation and management system where the production of unique content and design of a marketing campaign is launched into an identified community of influencers directly linked to the Brand. The goal of SponsorsCloud is to turn every social media user into an influencer for a Brand and reward them with SponsorCoins for authentically engaging with the Brands campaigns on social media. As the influencer earns SponsorCoins, they can use this as a currency to acquire products and services directly from any brand or exchange it for other cryptocurrencies.

SponsorsCloud platform and SponsorCoin

The SponsorsCloud platform, SponsorCoin cryptocurrency and transaction engine, in combination, are designed to address social media marketing challenges faced by Brands. Historically, it has been difficult to measure return on investment and impact of social media marketing online for Brands, even when dealing with high-profile sponsored influencers. It is also very challenging for the brands to nurture one-on-one relationships while keeping the influencer engaged and promoting the Brand and its products. Frequently, influencer engagement with the brand greatly diminishes or is non-existent after the initial product/service engagement. 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 influencer engagement and social media advertising (i.e. lack of ongoing engagement with customers/influencers, no meaningful understanding of the return on investment, costs related to products/services and support given to customers/influencers with no communication channel post advertisement/sponsorship promotion), SPO has developed the SponsorsCloud platform and patent pending SponsorCoin cryptocurrency to create highly engaged, influencer communities for Brands.

SponsorsCloud is a platform that integrates with social networks and enables the delivery of the smart, social media marketing campaigns and enables transactions through our proprietary e-commerce platform which supports the exchange of goods and services between brands and influencers. The main objective of the SponsorsCloud platform are to build proprietary, highly engaged, influencer communities for Brands through online, social media and e-commerce channels. Users work their way up to higher levels of discounts by continuously and authentically engaging and transacting with Brands through various social engagement and e-commerce activities online across all social networks. SponsorsCloud also has a mobile application that runs on all mobile devices providing a primary method for influencers to engage with the Brands and their campaigns. This allows for engagement from influencers in real time, anywhere, anytime.

SponsorCoin is the currency used to compensate the influencers for interacting, engaging and creating social media content around a Brands campaign. The SponsorCoin engine monitors all the activity of the user across all social networks and based on criteria set with the Brand such as quantity, quality, and type of engagement (campaign criteria), SponsorCoins are rewarded to the influencer. The more coins the influencers earns, the higher the discount level the user achieves in a tiered format set up by the Brand, entitling the influencer to greater discounts and better redemption offers. The influencer can use the SponsorCoin they have collected through their engagement to purchase goods and services from the Brand online through their e-commerce store set up through SponsorCloud. Influencers are also able to transfer their SponsorCoin to charitable organizations and convert their SponsorCoin into Bitcoin, Ethereum and Litecoin cryptocurrencies. Exchanging currency within the SponsorsCloud allows influencers to monetize their SponsorCoin beyond the marketplace into any currency supported by participating cryptocurrency exchanges.

Additionally, the SponsorsCloud platform tracks and logs relevant data, specifically the engagement activity and movement of SponsorCoins between the influencers and Brands within the social networks. This data is then used to perform an 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 gathered by the Brand is unlike any other social media analytics or marketing intelligence available due to the unique nature of the user generated content through the social engagement model. The Brands interactive dash board and its automated data-rich content is available on a subscription-based model priced based on the size of their influencer community.

Strategic Positioning

With the SponsorsCloud™ platform, SponsorsOne is positioned to create Brand focused, proprietary social networks that are highly engaged through user generated content. The platform can consolidate Brands' target customers into large influencer communities by accessing the Brands' and their followers' social networks across all social channels and then delivering data-driven smart campaigns designed to be highly engaging and to nurture long-lasting, mutually beneficial and authentic Brand-consumer relationships.

The ability to combine data driven marketing campaigns and creative assets with a proprietary social network that rewards the influencers 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 influencers become their best salespeople* through user generated content, sales referrals, and team work producing far greater ROI than current mass media or social media advertising methods.

The smart campaign 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. Influencers are the most effective manner of establishing one-to-one connection between Brands and customers. Dollar for dollar, Brands prefer to spend their marketing budgets on one-to-one promotion rather than on targeted display ads and Google Ad Words. Brands recognize the value of word-of-mouth, referrals, and the bragging rights influencers associate with being recognized by a Brand. SPO facilitates this type of marketing in a highly innovative, disruptive, and effective manner by continuously connecting the Brand and the influencer on a one-to-one basis by rewarding authentic social media engagement while serving the best interest of both brands and customers.

Strategic execution

SPO's execution plan is to initially target four consumer verticals: 1. Specialty Food, 2. Fashion, 3. Beauty and 4. eSports. The focus will be on the small emerging Brands that can launch using the SponsorsCloud technology. SponsorsOne provides value to the Brand by assuming the social digital marketing efforts at no cost to the Brand in return for a percentage of revenue coming from sales. These sales are generated by the marketing efforts within the SponsorsCloud. By hosting the ecommerce platform within the SponsorsCloud, we facilitate a direct to the consumer sales model, eliminating expensive retail bricks and mortar distribution, thus increasing margin for the Brand. If SponsorsOne can reduce marketing costs from 20% of sales to zero and reduce the cost of distribution from 75% to 20%, the benefit to the Brands is enormous. SponsorsOne believes its technology will empower the small brand to scale very quickly and profitably using the SponsorsCloud technology.

On January 9, 2018, SponsorsOne Inc., incorporated a wholly owned subsidiary in Delaware, USA called SponsorsOne Media Inc. ("SPM"). The initial product launch for the SponsorsCloud will be in the USA in our four initial target markets (Food, Fashion, Beauty and eSports) and the role of SPM will be to engage with the Brand, develop the strategy and content needed to build the Brands influencer network within all forms of social media. As the influencer network grows, SPM will develop smart campaigns that direct the influencer to purchase products on the ecommerce site hosted within the SponsorsCloud. The SPM content production will focus on digital video, which has been demonstrated to be the most engaged and popular form of viewed content within social networks.

Initially, SPM will operate in Southern California, leveraging the talent and resources for video production in and around the Los Angeles area. Also, Los Angeles is a center for Food, Fashion, Beauty and eSports, allowing SponsorsOne to effectively launch in all targeted verticals within a large local market. The goal of expanding into the fashion scene in New York is targeted for 2019 with the opening of a SPM office in New York City.

SponsorsOne has no immediate plans on international expansion however, the SPM content will be suitable for international distribution. SponsorsOne also intends to have global influencer networks who will be purchasing of products and services from the Brand's ecommerce site hosted within the SponsorsCloud. Expansion to Brands in other countries will depend on the growth of influencer networks within each of the potential countries.

Revenue Model

With SponsorsOne partnering alongside small Brands, assuming the marketing costs and risk, in return for a percentage of sales derived by SPO, there are two revenue models:

Percentage of Brand Revenue – Small Brands

1. *20% of Brand Sales:* Revenue generated within the SponsorsCloud from the smart campaigns and directly executed within the hosted ecommerce store within the SponsorsCloud.
2. *10% of Incremental Brand Sales:* Revenue generated from the smart campaigns but generate incremental sales outside the SponsorsCloud ecommerce store. This captures the marketing

efforts resulting in sales from traditional retail sales, other ecommerce sites and wholesale distribution. For greater certainty, if a Brand verifies their existing revenue is $1 million annual through traditional efforts and channels and the marketing efforts achieved through the partnership with SPO increases revenue to $2M annually, then 10% of $1 million will be the compensation for SPO. Each subsequent year the incremental amount above $1 million will render a 10% revenue share for SPO.

Product Integration Ad Revenue – Large Brands

Within the video content created through SPM, large Brands will pay for placement of their product. This is a traditional form of advertising within video production and placement pricing models are very standardized. SPM will pursue complementary Brands for integration revenue with the view that SPM production costs and operating costs will be partially funded from this form of revenue.

Content Cost Sharing – Distribution Channels

The market for on-demand, engaging content is very strong with the emergence of Amazon Prime, Netflix, Apple TV, Google You Tube and other online streaming services. With the creation of engaging short form and long form content, SPM intents to distribute the content to the many channels available in return for paying some of the production costs in the form of content sponsorship. SPM believes that 100% of production costs can be recouped from large company sponsorship, integrated ad sales, cash and in-kind contribution from state and local economic development/tourism councils, trade associations and foreign distribution/sales of the original content produced.

Data Analytics – Brands, Professional Influencers and Content Distributors

SponsorCloud Intelligence is available to Brands assisting them in product development, product changes, campaign adjustments and feedback from influencers to engage in product design will be priced based on the size of the influencer network. Real time results on live campaigns, ROI analysis, and every demographic analysis possible tied to a purchase as it happens is unprecedented for the success of a smart campaign. Pricing tiers are as follows:

Level 1: 1,000 to 24,999 Influencers
Level 2: 25,000 to 100,000 influencers
Level 3: 100,000 to 250,000 influencers
Level 4: 250,000 to 1,000,000 influencers
Level 5: 1,000,000 to 5,000,000 influencers
Level 6 5,000,000 to 10,000,000 influencers
Level 7: 10,000,000 and greater influencers

Note:
1. Pricing will be a per seat annual price with the intent that the larger brands will want multiple seats across their organization. The small brand initially will rely on SPM to utilize the analytics to drive campaign strategy.
2. Pricing of the Levels has not been determined

Product and Systems Architecture.

The design of the SponsorsCloud was implemented with the ability to auto-scale as needed and to defend against system attacks, security breaches and denial of service attacks. SPO's philosophy is that the integrity of our system must be focused on managing system issues and handling currency in real time, secure environment. The application and technology stack uses advanced service and components that have all been tested and hosted at Amazon's AWS Services.

The simplified diagram below shows the overall application architecture connecting the Brands, Influencers, Members (Social network user/customers/influencers). The mobile app allows the members to engage anytime, anyplace using their smart phone to stay connected to their Brands 24/7.

Figure 1: Overall Application Architecture

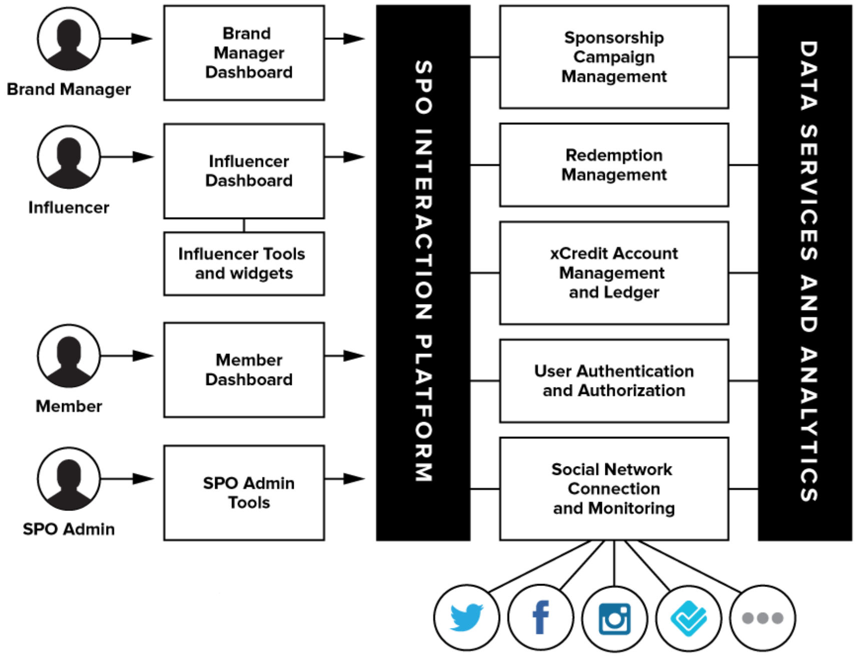
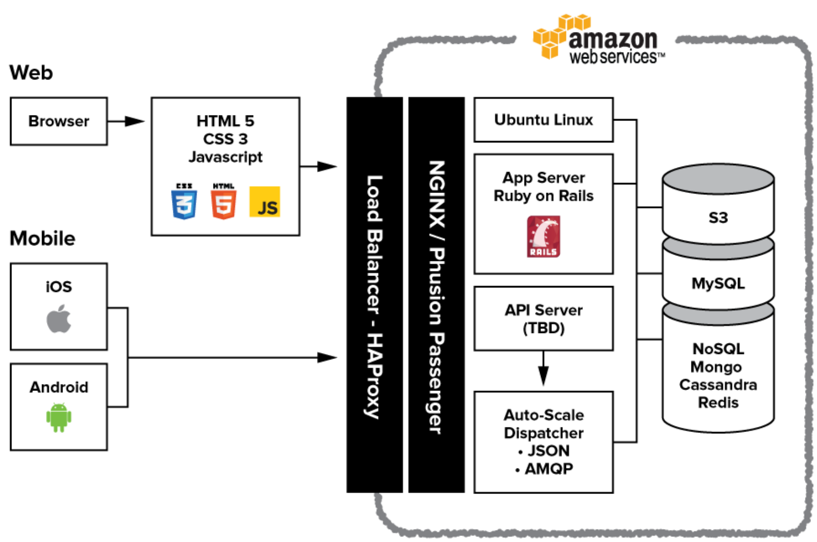


Figure 2: Technology Stack operating within AWS



COMPANY HIGHLIGHTS

- On May 8, 2017, the Company announced the closing of a non-brokered private placement for gross proceeds of $100,000 (the "Offering") through the issuance of 2,000,000 units (the "Units") at a price of $0.05 per Unit. Each Unit is comprised of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Common Share of the Company exercisable for 36 months from the closing of the Offering at an exercise price of $0.15 per Common Share. The Company has also issued an aggregate of 350,548 Units in settlement of an aggregate of $17,527 of indebtedness at a price of $0.05 per Unit on the same terms and conditions as the Offering.

- On December 19, 2017, the Company provided a corporate update on the development of its proprietary cryptocurrency the xCredit and was subsequently renamed it SponsorsCoin.

Selected Annual Financial Information

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

December 31,	**2017**	2016	2015
	$	$	$
Total Assets	**203,899**	193,218	193,615
Total Revenue	**Nil**	Nil	Nil
Net Loss	**(602,304)**	(993,592)	(3,009,241)
Net Loss Per Share (Basic and Diluted)	**(0.02)**	(0.05)	(0.17)

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.

	Q4-2017 $	**Q3-2017 $**	**Q2-2017 $**	**Q1-2017 $**	**Q4-2016 $**	**Q3-2016 $**	**Q2-2016 $**	**Q1-2016 $**
Revenue	-	-	-	-	-	-	-	-
Net loss	98	193,945	203,425	204,836	154,999	227,886	391,945	218,762
Basic & diluted loss per share	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.01

Operating Results

Twelve months ended December 31, 2017 compared with December 31, 2016

For the twelve months ended December 31, 2017, the Company reported a net loss of $602,304 versus a net loss of $993,592 in the comparable period for 2016. The decrease is due to the company's efforts to control expenses.

Marketing, general and administrative expenses were $561,074 during 2017 versus $922,483 in 2016. See "Marketing, general and administrative expenses" table below for a further breakdown. These expenses are expected to increase in future periods.

The Company incurred $4,250 in research and development costs for the twelve months ended December 31, 2017 compared to $116,424 in the same period in 2016. The decrease relates to the Company being unable 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 decreased from $26,927 in 2016 to $14,676 in 2017. Intangible assets of the Company was fully amortized in 2016. There was no acquisition of capital assets during the twelve months ended December 31, 2017 and 2016.

Finance charge for the twelve-month period ended December 31, 2016 was $8,055 compared to $22,304 in 2017. The increase is due to interest incurred on current portion of long-term debt.

The Company realized a gain of $nil (2016 – $80,297) on the settlement of debts related to management and advisors' fees.

Three months ended December 31, 2017 compared with December 31, 2016

For the three months ended December 31, 2017, the Company reported a net loss of $98 versus a net loss of $154,999 in the comparable period for 2016.

Marketing, general and administrative expenses were $42,281 during 2017 versus $159,777 in 2016. The Company terminated the advisors at the beginning of 2016. See "Marketing, general and administrative expenses" table below for a further breakdown. These expenses are expected to increase in future periods.

For the three months ended December 31, 2017, the Company reported a recapture of $67,500 versus $22,500 in research and development in 2016.

Depreciation expense was $3,669 in the three month periods ended December 31, 2017 and 2016. There was no acquisition of capital assets during the three months ended December 31, 2017 and 2016.

Finance charge for the three month period ended December 31, 2017 was $21,648 compared to $NIL in 2016.

The Company realized a gain of $NIL (2016 – $30,947) on the settlement of debts related to management and advisors' fees.

Marketing, general and administrative expenses

	Three months ended December 31,				Twelve months ended December 31,			
		2017		2016		**2017**		2016
Professional fees	**$**	**7,489**	$	(13,190)	**$**	**33,655**	$	23,788
Consulting fees	**$**	**26,090**	$	121,500		**405,590**		699,119
Advisory fees	**$**	**-**	$	-		**-**		-
Stock-based compensation	**$**	**1,076**	$	44,849		**91,974**		119,436
Office, rent and miscellaneous	**$**	**7,625**	$	6,618		**29,855**		76,350
Travel and accommodation	**$**	**-**	$	-		**-**		3,790
	$	**42,281**	$	159,777	**$**	**561,074**	$	922,483

Liquidity and Capital Resources

The Company is in the later stages 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 targeting specific verticals.

As at December 31, 2017, the Company had a working capital deficiency of $2,269,938. As at the date of this report, the Company had a working capital deficiency of approximately $2,200,000. 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.

Private Placement

On May 8, 2017, the Company announced the closing of a non-brokered private placement for gross proceeds of $100,000 (the "Offering") through the issuance of 2,000,000 units (the "Units") at a price of $0.05 per Unit. Each Unit is comprised of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Common Share of the Company exercisable for 36 months from the closing of the Offering at an exercise price of $0.15 per Common Share. The Company has also issued an aggregate of 350,548 Units in settlement of an aggregate of $17,527of indebtedness at a price of $0.05 per Unit on the same terms and conditions as the Offering.

Subsequent Events

On January 5, 2018, the Company completed a non-brokered private placement for gross proceeds of $105,000 through the issuance of 2,625,000 units (the "Units") at a price of $0.04 per Unit. Each Unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.05 per common share for a period of 24 months from the closing of the private placement.

On January 10, 2018, the Company granted 1,450,000 stock options to certain officers, directors and consultants. Each option is exercisable at $0.30 expiring January 10, 2028.

On January 11, 2018, the Company announced that it has incorporated a USA subsidiary, SponsorsOne Media Inc. In addition, the Company announced the appointment of Mr. Guy Zanjonc as the president of the subsidiary.

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	30,409,712
Stock options – vested and unvested	3,335,000
Warrants	11,791,332

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 years ended December 31, 2017, officers, directors, and management, which are considered key management, compensation was $421,764 (2016 - $719,324). Management compensation has been included in the marketing, general and administrative account:

As at December 31,		**2017**		2016
Consulting fees	**$**	**300,000**	$	570,000
Accounting fees		**36,000**		36,000
Share-based compensation		**85,764**		113,324
	$	**421,764**	$	719,324

As at December 31, 2017, included in accounts payable and accrued liabilities is $1,409,798 (2016 – $1,096,891) 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, 2017 the balance of this loan was $28,519 (2016 – $23,102).

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, 2017, the balance of this loan was $109,177 (2016 – $142,945).

Both loans have now been classified as current as payments are past due and the loans are now in default and the lenders have demanded immediate repayment.

Balance, December 31, 2015	$	175,635
Interests		8,055
Payments		(17,643)
Balance, December 31, 2016	$	166,047
Interests		21,648
Payments		(50,000)
Balance, December 31, 2017	**$**	**137,695**

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

As at December 31,	**2017**	2016
Payments due within one year	**137,695**	166,047

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.

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.