



Sponsors
One™

ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

May 22, 2018

Table of Contents

GENERAL MATTERS AND FORWARD-LOOKING STATEMENTS	4
General Matters	4
Forward-Looking Statements	4
CORPORATE STRUCTURE	5
Name, Address and Incorporation	5
Intercorporate Relationships	6
GENERAL DEVELOPMENT OF THE BUSINESS	6
History	6
Recent Developments	8
DESCRIPTION OF THE BUSINESS	9
General	9
Customer Management Industry and Products	11
Industry Overview	11
Technology Trends – Cryptocurrency & Blockchain	11
Marketing Trends	12
Products	12
Technology Platform	12
Competition	14
Revenue Sources	15
Percentage of Brand Revenue – Small Brands	15
Product Integration Ad Revenue – Large Brands	16
Content Cost Sharing – Distribution Channels	16
Data Analytics – Brands, Professional Influencers and Content Distributors	16
Sales and Customers	17
Marketing	17
Research and Development	17
Intellectual Property	18
RISK FACTORS	18
Insurance Coverage	18
Limited Operating History and Sales	18
No Assurance of Profitability	19
Future Capital Needs; Uncertainty of Additional Funding	19
Dependence on Key Personnel	19
Management of Growth	19
Competition	20
Dependence on Proprietary Technology and Limited Protection Thereof	20
General Economic Trends	20
Asset Location and Legal Proceedings	20
Risk Associated with Foreign Operations in Developing Countries	20
Market Acceptance	20
Rapid Technological Change	20
Product Defects and Reputation	21
Electronic Communication Security Risks	21
Data Transmission	21
Tax Risk	21
Currency Fluctuations	21
Fluctuations in Quarterly Results	21
Officer and Director Conflicts	22
DIVIDENDS AND DISTRIBUTIONS	22
DESCRIPTION OF SHARE CAPITAL	22
General Description of Capital Structure	22
Common Shares	22
Warrants	22
Options	23

Special Warrants	23
MARKET FOR SECURITIES	24
Trading Price and Volume	24
Prior Sales	24
DIRECTORS AND EXECUTIVE OFFICERS	24
Name, Occupation and Security Holding	24
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	25
Conflicts of Interest	26
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	27
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	27
AUDIT COMMITTEE	27
Audit Committee Charter	27
Composition of the Audit Committee	27
Relevant Education and Experience	27
Audit Committee Oversight	28
Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally	28
Pre-Approval Policies and Procedures	28
Audit Fees	28
AUDITORS, TRANSFER AGENT AND REGISTRAR	29
MATERIAL CONTRACTS	29
INTERESTS OF EXPERTS	29
ADDITIONAL INFORMATION	29

GENERAL MATTERS AND FORWARD-LOOKING STATEMENTS

General Matters

This Annual Information Form (“AIF”) is prepared as of May 22, 2018, however, information contained in this AIF is provided as at December 31, 2017, unless otherwise specified. Unless the context otherwise requires, all references in this AIF to “SPO”, “we”, “us” “our” and the “Company” refer to SponsorsOne Inc. In this AIF, references to “\$”, “Cdn\$”, “dollars” or “Canadian dollars” are to Canadian dollars and references to “US\$” or “U.S. dollar” are to United States dollars.

Unless otherwise indicated, all dollar amounts are expressed in thousands of Canadian dollars, except per share amounts and percentages.

You should read this AIF in conjunction with our audited financial statements for 2017 and the management’s discussion and analysis thereon (“MD&A”). The Company presents its financial statements and MD&A in Canadian dollars and in accordance with International Financial Reporting Standards.

Forward-Looking Statements

This AIF contains forward-looking statements that relate to the Company’s current expectations and views of future events.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “seek”, “believe”, “potential”, “continue”, “is/are likely to” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company’s expectations regarding its revenue, expenses and operations;
- the Company’s anticipated cash needs and its needs for additional financing;
- the Company’s ability to protect, maintain and enforce its intellectual property rights;
- third-party claims of infringement or violation of, or other conflicts with, intellectual property rights by the Company;
- the Company’s plans for and timing of expansion of its solutions and services;
- the Company’s future growth plans;
- the acceptance by the Company’s customers and the marketplace of new technologies and solutions;
- the Company’s ability to attract new customers and develop and maintain existing customers;
- the Company’s ability to attract and retain personnel;
- the Company’s ability to identify opportunities that contributes to its revenue growth;
- the Company’s expectations with respect to advancement in its technologies, including the ability to address trends in online brand marketing;
- the Company’s competitive position and its expectations regarding competition;
- the Company’s expectations with respect to the strategic value, synergies, ability to leverage relationships, ability to cross-sell, revenue growth, expenses and liabilities with respect to acquired businesses;
- the Company’s beliefs that its solutions are well positioned to address trends in online brand marketing;
- regulatory developments and the regulatory environments in which the Company operates; and
- anticipated trends and challenges in the Company’s business and the markets in which it operates.

Forward-looking statements are based on certain assumptions and analyses made by the Company on its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders and prospective shareholders should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company’s expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under “Risk Factors”, which include:

- our ability to successfully integrate and manage acquired businesses, offerings and people;
- our dependence on a limited number of customers and large project size;
- fluctuation in our quarterly operating results;
- our dependence on key personnel;
- our compensation structure;
- risks associated with managing large and complex software implementation projects;
- uncertainties and assumptions in our sales forecasts, including the extent to which sales proposals are converted into sales;
- risks associated with our ability to design, develop, test, market, license and support our software products on a timely basis;
- market acceptance of our products and services;
- commercial success of products resulting from our investment in research and development;
- our success in expanding sales into new international markets;
- competition in our industry;
- failure to protect our intellectual property or infringement of intellectual property rights of third parties;
- reliance upon a limited number of third-party software products to develop our products;
- defects or disruptions in our products and services;
- currency exchange rate fluctuations;
- lengthy sales cycles for our software;
- global financial market conditions; and
- failure to manage our growth successfully.

These risks, uncertainties, assumptions and other factors could cause the Company's actual results, performance, achievements and experience to differ materially from the Company's expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this AIF relate only to events or information as of the date on which the statements are made in this AIF. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. An investor should read this AIF with the understanding that the Company's actual future results may be materially different from what it expects.

Additional information about us, including copies of our continuous disclosure materials such as our MD&A, is available on our website at <http://www.sponsorsone.com/> and through the website maintained by the Canadian Securities Administrators ("SEDAR") at www.sedar.com.

CORPORATE STRUCTURE

Name, Address and Incorporation

SPO was incorporated under the *Business Corporations Act* (Ontario) under the laws of the Province of Ontario on March 8, 1965 as "Superior Copper Mines Limited". SPO filed various articles of amendments dated August 8, 1972, March 6, 1979, March 3, 1988, May 9, 1989, January 8, 1990, February 26, 1997 and December 19, 2013 in respect of changes to share capital and other corporate matters including to change of its name to "Mountainview Explorations Inc.", then to "Banro Capital Group Inc." then to "International Infopet Systems Ltd." and finally to "SponsorsOne Inc."

MXM Nation Inc. ("MXM"), a wholly owned subsidiary of the Company, was incorporated under the laws of the Province of Ontario on February 2, 2006 as "Deep Creek Ventures Inc.". On April 4, 2007, MXM changed its name to "MX Mechanics Inc." and on February 5, 2013 MXM changed its name to "MXM Nation Inc."

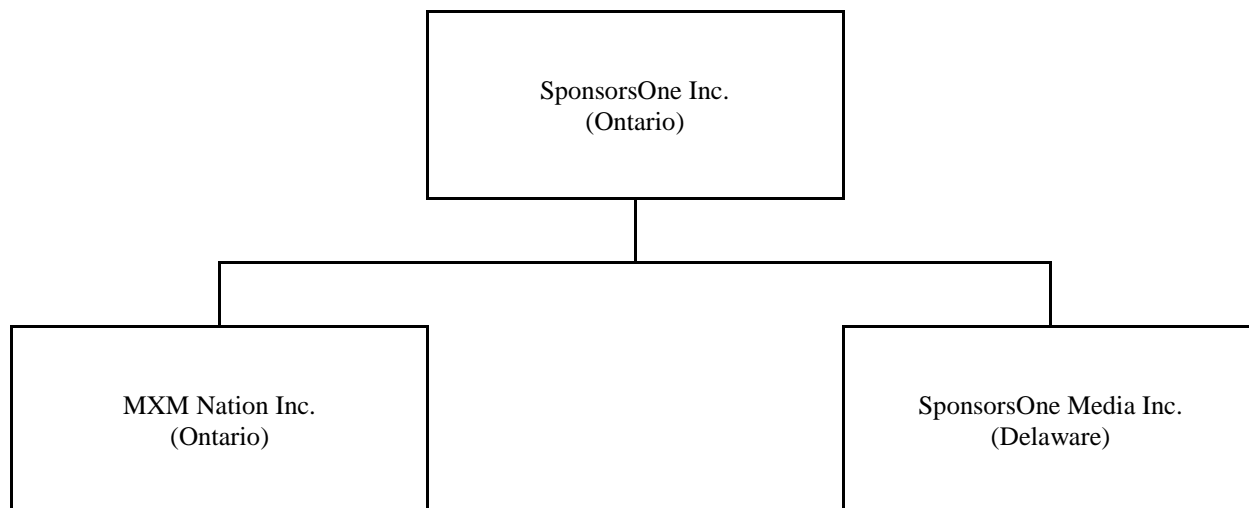
SponsorsOne Media Inc. ("SPM"), a wholly owned subsidiary of the Company, was incorporated under the laws of Delaware on January 11, 2018.

NFU Inc. (“NFU”), a wholly owned subsidiary of the Company, was incorporated under that laws of the Province of Ontario on October 6, 2011. On June 24, 2015, SPO acquired NFU which ceased operations in June, 2016. See “Significant Acquisitions”.

The head offices of SPO, MXM and SPM are located at 2 Campbell Drive, Suite 307C, Uxbridge, ON L9P 1H6 and the registered office of SPO is located at 2 Campbell Drive, Suite 307C, Uxbridge, Ontario, Canada L9P 1H6.

Intercorporate Relationships

MXM and SPM are wholly owned subsidiaries of SPO. SPO acquired MXM on December 19, 2013. See “Significant Acquisitions”. SPM was incorporated as a wholly owned subsidiary on January 11, 2018. NFU has no operations and is not considered a material subsidiary.



GENERAL DEVELOPMENT OF THE BUSINESS

History

SponsorsOne is a social commerce company that connects Brands (as defined below) with their online enthusiasts through social media sponsorship. Social media sponsorship combines the influence that professional sponsorship has on sales and marketing with the power of social media to reward millions of online enthusiasts.

SponsorsOne's roots are based in the traditional athlete sponsorship model. Prior to the Reverse Takeover (as defined below), the business of the Company was conducted by MXM. In 2006 the Company's management launched with the goal of supporting amateur athletes with sponsorship opportunities, specifically in Canadian motocross. In 2007, MXM launched its trackside sponsor promotion program in conjunction with a full support program and signed 30 sponsors to participate in the program during its first full season.

In 2009, an equipment manufacturer approached MXM to move the sponsorship model online so every athlete could participate. In response, MXM developed the patent pending xCredits, now renamed *SponsorCoin* (as defined below) online sponsorship engagement model.

Subsequently, MXM recognized that the online solution developed for motocross is an applicable and beneficial offering for the thousands of product lines (“Brands”), social networks and influencers that are faced with the challenges of monetization, user engagement and increasing return on investment (“ROI”). In response, MXM pivoted its focus from the single solution for motocross athletes, business to consumer (“B2C”) to a business to business (“B2B”) integrated platform that met the needs of significantly more Brands, influencers, social networks, and consumers.

In 2012, MXM refocused from a trackside-only promotional model to an online model to address monetization and engagement challenges. In 2013, an early stage concept version of the xCredits (now rebranded as the SponsorCoin)

engagement system was launched on the MXM website. In June 2013, the Company began building a B2B platform with the goal to operate with any social network or single-sponsor/influencer network.

The Reverse Takeover was preceded by a non-brokered private placement by MXM for gross proceeds of \$1,250,000 (the "MXM Private Placement"). A special shareholders meeting of the Company occurred on January 8, 2014 to approve, among other things, a change of the Company's name to SponsorsOne Inc. Under the Private Placement, MXM issued 4,166,664 common shares of MXM ("MXM Shares") at a price of \$0.30 per share 4,166,664 common share purchase warrants of MXM which were exchanged into warrants of SPO at closing of the Reverse Takeover. In connection with the completion of the Reverse Takeover, the board of directors of SPO was changed from previous management to include 4 SPO nominees including Myles Bartholomew, Gary Bartholomew and Douglas Beynon who are still current board members.

Pursuant to the Reverse Takeover, the Company acquired all of the issued and outstanding MXM Shares, including those issued pursuant to the MXM Private Placement. The acquisition price for each outstanding MXM Share was \$0.40 per MXM Share which was satisfied by the delivery of a unit comprised of one Common Share and one half of one common share purchase warrant of SPO that was exercisable to purchase one Common Share for a period of one year at a price of \$0.65 per Common Share. SPO also exchanged, on a one for one basis, all of the outstanding warrants and options of MXM for warrants and options of SPO. Immediately following the closing, SPO converted \$206,000 of outstanding debt owing to its prior President and Chief Executive Officer into 686,667 Common Shares and 686,667 common share purchase warrants. With the completion of the Reverse Takeover, SPO then has outstanding 13,422,321 Common Shares, 11,833,432 common share purchase warrants and 1,385,000 options.

MXM remains as the technology and development organization for SponsorsOne. SPO operates as the public brand and parent company to its subsidiary companies MXM (technology and development) and SPM (marketing, sales and operations focused on Brands).

Year ended December 31, 2017

On May 8, 2017, the Company completed a non-brokered private placement for gross proceeds of \$100,000 through the issuance of 2,000,000 units of the Company at a price of \$0.05 per unit with each unit being comprised of one common share of the Company ("Common Share(s)") and one Common Share purchase warrant entitling the holder thereof to acquire one additional Common Share exercisable for 36 months from closing at an exercise price of \$0.15 per Common Share. The Company also issued an aggregate of 350,548 such units in settlement of an aggregate of \$17,527.40 of indebtedness owed to certain arm's length parties at a deemed price of \$0.05 per unit.

For the year ended December 31, 2017, key operational milestones include the development of SponsorCloud and SponsorCoin to its near final stage of development. There are three main components to the SponsorsCloud platform that have been in development and testing over the last three years. First the sponsorship management system which is fully developed, tested to 6 million sign on per minute and 100,000 transactions per second. The second component is the Micro-Influencer application which has been developed and tested for the web browser and is 50% developed for the iOS and Android mobile operating systems. Approximately 3 months of development and testing remains before the mobile app will be released into production. The Brand and systems analytics is the third main component which is operational. A newer version is set to release in 3 months upon completion of more development and testing.

Year ended December 31, 2016

On July 5, 2016, the Company completed a private placement for gross proceeds of \$248,000 through the issuance of 1,653,333 units of the Company at a price of \$0.15 per unit with each such unit being comprised of one Common Share and one Common Share purchase warrant. Each such warrant entitled the holder thereof to acquire one additional Common Share exercisable for a 24 months from closing at an exercise price of \$0.30 per Common Share. In addition, the Company also announces that it has agreed to settle an aggregate of \$770,617.70 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 5,137,451 such units at a deemed price of \$0.15 per unit.

For the year ended December 31, 2016, key operational milestones included the continued development of the *SponsorsCloud* and *SponsorCoin* for commercial launch.

Year Ended December 31, 2015

On January 12, 2015 Stephen Barley replaced Eric Leslie on the board of directors of the Company.

On January 30, 2015 settled an aggregate of \$100,076 of indebtedness owed to certain arm's length creditors through the issuance of 105,343 Common Shares at a price of \$0.95 per Common Share.

On January 19, 2015, 350,002 purchase warrants of the Company were exercised for gross proceeds of \$227,500 and Myles Bartholomew and a company controlled by Gary Bartholomew entered into automatic securities disposition plans.

On March 24, 2015, the Company filed its second patent "Currency Redemption" at the Canadian Patent office as a USA based Patent.

On May 29, 2015, Mr. James Fairbairn has resigned as Chief Financial Officer of the Company and Mr. Arvin Ramos was appointed to that position.

On May 29, 2015, Myles Bartholomew, the President and CEO of the Company subscribed for 350,000 units of the Company at a deemed price of \$0.85 per Unit for cash consideration and gross proceeds of \$297,500 on a private placement basis with each unit consisting of one Common Share and one Common Share purchase warrant. Each such warrant Warrant entitled the holder thereof to purchase one Common Share for a period of 24 months from the closing at a price of \$1.10 per Common Share.

On June 25, 2015 SPO acquired NFU Inc. (the "NFU Acquisition"), a digital marketing agency based in Toronto. The NFU Acquisition was completed by the issuance of 904,615 Common Shares. NFU Inc. ceased operations in July, 2016 and has been dormant since that time and is set for dissolution.

For the year ended December 31, 2015, key operational milestones included the completion of launched alpha testing of *SponsorsCloud* and *SponsorCoin* in April, 2015 and completed beta testing in June, 2015 demonstrating user sign up and engagement scaled up to 6 million sign ups per minute.

SPO acquired MXM in a reverse takeover transaction on December 19, 2013 (the "Reverse Takeover") wherein SPO became a publicly traded company with its common shares ("Common Shares") listed and posted for trading on the Canadian Securities Exchange.

Recent Developments

On January 5, 2018, the Company closed a non-brokered private placement for gross proceeds of \$105,000 through the issuance of 2,625,000 units at a price of \$0.04 per unit with each unit consisting of one Common Share and one Common Share purchase warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.05 for a period of twenty-four (24) months following the closing of such sale.

On January 11, 2018, the Company launched in the U.S.A. with the incorporation of its wholly owned subsidiary, Sponsors One Media Inc. in Delaware.

On January 23, 2018, the Company granted to certain directors, officers and consultants, an aggregate of 1,450,000 options to purchase Common Shares at an exercise price of \$0.30 per Common Share expiring on January 10, 2028.

On January 25, 2018, the Company issued a press release to provide descriptions of the Company's "Sponsorship Management" patent filed at the Canadian Patent office as an International Patent on September 20, 2013 and the "Currency Redemption" patent filed at the Canadian Patent office as a USA based Patent on March 24, 2015. Both such patents are under review and the Company has yet to receive comments.

On January 30, 2018, the Company completed development of the SponsorsCloud platform that will allow its digital currency, *SponsorCoin*, to be exchangeable, automatically and in real time to Bitcoin, Ethereum and Litecoin.

On February 22, 2018, the Company added an eCommerce engine to the *SponsorsCloud* allowing influencers to use *SponsorCoin* to purchase products inside the *SponsorsCloud*.

On March 28, 2018, the Company appointed Mr. Brad Herr as the new Chief Financial Officer of the Company and Mr. Arvin Ramos resigned from that position.

On April 28, 2018, the Company received a Notice of (Re) Assessment (the "HST Assessment") from Canada Revenue Agency regarding GST / HST filings for the period from July 1, 2015 to December 31, 2017, which, if correct, would give rise to \$194,994.27 in HST payable. The Company's tax advisors have advised that there are valid grounds to appeal the assessment and the Company is currently in the process of filing a Notice of Objection. Pending the outcome of the appeal process, the Company has booked the \$194,994.27 as an amount payable in its second quarter 2018 financial statements.

On April 18, 2018 the Company entered into an engagement letter with Emerging Equities Inc. to act as agent, on a reasonable best-efforts basis, in connection with a proposed financing up to 16,666,667 units ("Units") at a price of \$0.18 per unit for gross proceeds of CA\$3 million (the "Unit Offering"). Each Unit will be comprised of one Common Share and one half of a common share purchase with each whole warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.30 for a period of twelve (12) months (subject to acceleration in certain circumstances).

On May 16, 2018, the Company completed a private placement of 1,568,440 special warrants ("Special Warrants") of the Company at \$0.18 per Special Warrant for gross proceeds of \$282,319. Each Special Warrant entitles the holder, for no additional consideration, to receive 1 Unit for no additional consideration at any time on or after the May 16, 2018, and all unexercised Special Warrants will be deemed to be exercised at 5:00 p.m. (Toronto time) on the date (the "Deemed Exercise Date") that is the earlier of: (i) the fifth business day after the date on which the Corporation obtains the final receipt (a "Final Receipt") for a prospectus to qualify the distribution of the Units underlying the Special Warrants; and (ii) September 13, 2018. In the event that Final Receipt is not obtained on or before July 15, 2019 (the "Qualification Deadline"), each Special Warrant shall thereafter, on the Deemed Exercise Date, be deemed to be exercised for no additional consideration and without any further action on the part of the holder, for a supplemental 0.1 of a Common Share in addition to the one (1) Common Share and one half (0.5) Warrant which comprise the Unit. SponsorsOne has covenanted with subscribers for Special Warrants to use its best efforts to obtain the Final Receipt before the Qualification Deadline.

DESCRIPTION OF THE BUSINESS

General

The Company has 6 employees. The Company is a technology company and is strategically located in Waterloo, Ontario which has a strong technology community to draw from. The Company is developing a proprietary platform ("*SponsorsCloud*") and cryptocurrency ("*SponsorCoin*"). The *SponsorsCloud* platform and the *SponsorCoin* cryptocurrency, in combination, are designed to address social media marketing challenges faced by Brands.

Social media marketing is influenced by people known as influencers, who are people in social media that have followings of people, which people take actions based on what a particular influencer buys, does and says. Large influencers charge fees for their social media influence. There are a lot of smaller influencers ("Micro-Influencers") who have significant followings, sometimes in niche marketing areas who can be influential as well. In management's experience, social media marketing through Micro-Influencers is challenging due to the difficulty of engagement between Brands, Micro-Influencers, customers and social media advertising and there is little 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 is developing the *SponsorsCloud* platform and patent pending *SponsorCoin* cryptocurrency. These technologies are being designed to address the foregoing issues by creating influencer communities, including Micro-Influencers, for Brands. A Micro-Influencer is an individual consumer that is active on social media but with a small number of subscribers or followers who can have significant effect on buying habits of their followers.

USING MICRO-INFLUENCERS TO SUCCESSFULLY PROMOTE YOUR BUSINESS

WHY MICRO-INFLUENCERS



For each Brand represented, the SPO model will help build a network of Micro-Influencers. The *SponsorsCloud* platform will integrate with social networks and enable the delivery social media marketing campaigns. This will be facilitated through our proprietary e-commerce platform *SponsorsCloud* which will support the exchange of goods and services between Brands and Micro-Influencers. The main objective of the *SponsorsCloud* platform is to build communities of Micro-Influencers for Brands through online, social media and e-commerce channels. Micro-Influencers will be able to work their way up to higher levels of discounts by engaging and transacting with Brands through various social and e-commerce activities online across all social networks. *SponsorsCloud* will also have a mobile application to allow Micro-Influencers to engage with the Brands and their campaigns. SPO will work with Brands to create marketing content to be distributed through various forms of digital distribution such as Facebook, Instagram, YouTube and on demand content distributors for 30 and 60 minute show formats. The Micro-Influencer establishes an account with SPO through which they receive media content, then modify, add to, and deploy this content through their own social networks. Through their SPO account, this activity is all tracked and verified by the *SponsorsCloud* platform, allowing SPO to assesses the value of this additional content, validates their social media posts and reward the Micro-Influencer with *SponsorCoin*.

SponsorsOne Media is a wholly owned Delaware corporation operating in the U.S. Its purpose is to engage directly with Brands to develop their digital marketing strategy including the production of video, audio, photography, graphics and other web content (“Entertainment Media”). SPO partners with Brands by assuming the up front costs for the creation of Entertainment Media thereby making it more accessible to smaller Brands with limited budgets. Production costs can be offset in some circumstances from distribution partners who often pay for such content. The Entertainment Media will be designed to promote specific Brands and provides content for Micro-Influencers to disseminate to their social network.

SponsorCoin will be the currency used to compensate the Micro-Influencers for interacting, engaging and creating social media content around a Brand’s campaign. The *SponsorsCloud* will monitor all the activity of the Micro-Influencer across social networks and *SponsorCoins* will be rewarded to the Micro-Influencer based on criteria set with the Brand such as quantity, quality, and type of engagement (campaign criteria). The more *SponsorCoin* the Micro-Influencers earn, the higher the discount level the user achieves in a tiered format set up by the Brand, entitling the Micro-Influencer to greater discounts and better redemption offers. The Micro-Influencer will be able to 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 *SponsorsCloud*. Influencers will also be able to transfer their *SponsorCoin* to charitable organizations and convert their *SponsorCoin* into Bitcoin, Ethereum and Litecoin cryptocurrencies. Exchanging currency within the *SponsorsCloud* will allow Micro-Influencers to monetize their *SponsorCoin* beyond the marketplace into any currency supported by participating cryptocurrency exchanges.

Additionally, the *SponsorsCloud* platform will track and log relevant data, specifically the engagement activity and movement of *SponsorCoins* between the Micro-Influencers and Brands within the social networks. This data will then be used to perform analysis and to provide marketing analysis for Brands. The Brands interactive dash board and its automated content will be available on a subscription-based pricing model based on the size of their influencer community.

Customer Management Industry and Products

Industry Overview

The digital and mobile advertising markets are the fastest growing of all advertising segments states McKinsey in their article “The State of Global Media and Entertainment”: (<https://www.mckinsey.com/industries/media-and-entertainment/our-insights/the-state-of-global-media-spending>)

Within these advertising segments, social engagement is a growing component as social networking now reaches 2.46 billion users (<https://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/>) of a total world population of 7.6 billion (<http://www.worldometers.info/world-population/>). SponsorsOne expects to offer a unique method to access the digital marketing segment with a more effective method for Brands to reach consumers through social media.

In management’s experience, it is difficult for Brands to find and engage their target audience in via social media. With increased shopping online, (<https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/>) the battle for attention on digital networks and social media platform is becoming more competitive.

Management believes that success hinges on understanding how Brands operate, what consumers actually care about, and how to effectively connect the two. We believe an effective way to do this is through Micro-Influencers and social platforms. The model we propose, if successful, will disrupt advertising, media and retail distribution, will use performance-based pricing and the *SponsorsCloud* platform to lower the cost of marketing for Brands and provide cost effective access for smaller Brands who cannot compete with dominant of big Brands with big ad budgets

Technology Trends – Cryptocurrency & Blockchain

Cryptocurrency refers to any digital currency that employs principles of cryptography (communication that is secure from view of third parties) to ensure security, privacy, and anonymity. All types of cryptocurrencies are decentralized -- they operate independently and are not coined or regulated by a single central authority. Consequently, the value of a cryptocurrency is not set by anyone other than market participants, who engage in the process of buying and selling on an exchange platform. Cryptocurrencies are often referred to as electronic or digital currencies as they all share the same inherent qualities of encryption.

Cryptocurrencies, such as Bitcoin, Ether and Litecoin, are digital mediums of exchange that use cryptography as a method to help ensure the security and data integrity of the system. Different cryptocurrencies can be used in different ways. For example, some may be used as a way to purchase goods or conduct business online. Cryptocurrencies are not issued or backed by a central bank or monetary authority and in many cases cryptocurrencies have not been subject to traditional financial sector regulations. However, this may change as governments and regulators around the world consider new rules to oversee the use and sale of cryptocurrencies. Some cryptocurrencies, particularly those offered in initial coin offerings and initial token offerings (“Crypto Offerings”), may be subject to securities regulation. The Company does not intend on doing any Crypto Offerings for *SponsorCoin* and does not intend on issuing *SponsorCoin* in any manner, other than as backed by Brands as incentives for Micro-Influencers for social media interactions.

Over the past few years, cryptocurrency has triggered interest regarding ‘alternative money’ among masses and has grown exponentially. Bitcoin is the most popular and the most traded cryptocurrency in the world. It is the world’s first decentralized, peer-to-peer digital currency, which has gained mixed reactions over time. Advocates for Bitcoin consider it as a superior payment mechanism, one that operates outside the control of governments, is global in scope, is more secure than the traditional payments systems, and which brings about a much-needed revolution in the almost ‘static and stagnant’ global financial industry in terms of money. At the same time, the growth of this unregulated payment mechanism has led to heightened concerns about its usage, legality, accountability, and control. Over the years since Bitcoin’s birth, hundreds of digital ‘coins’ have taken to the crypto marketplace, reaching up to a mark of

almost 900 cryptocurrencies available on the web's digital currency bazaar. Governments around the world have begun regulatory oversight on the issuance of cryptocurrency and in some instances classified specific cryptocurrencies as a security, subsequently applying regulatory rules and procedures to assess compliance. Further, the trading of security based tokens/cryptocurrencies on crypto-exchanges fall under stock exchange rules governed under operational exchange rules in each country they are domiciled. Regulation is evolving and could potentially have an impact on the way cryptocurrencies are issued and traded in the future.

SponsorCoin will give Brands the ability to reward Micro-Influencers for engaging with and sharing their marketing campaigns. In turn, Micro-Influencers will be able to spend *SponsorCoin* at Brand stores, or exchange their coins for other crypto or fiat currencies.

Marketing Trends

Millennials are becoming more influential in today's market. Even though millennials are more connected than any other generation before them, they remain hard to reach. They mistrust traditional advertisements and tend to switch Brands due to the wide variety of choices available.

Products

The *SponsorsCloud*TM platform will create Brand focused, proprietary social networks that are engaged through user generated content. The platform will consolidate Brands' target customers into Micro-Influencer communities by accessing the Brands' and their followers' social networks across all social channels and then delivering targeted marketing campaigns to develop Brand-consumer relationships. *SponsorsCloud* will allow Brands to combine data driven marketing campaigns with a proprietary social network that rewards the Micro-Influencers for their involvement. According to an article in AdWeek January 15, 2018 - "Influencer Marketing in 2018 - Becoming an efficient marketplace", Brands recognize the value of word-of-mouth, referrals, and the bragging rights influencers associate with being recognized by a Brand. SPO can facilitate this type of marketing by connecting the Brand and the Micro-Influencer on a one-to-one basis through the use of *SponsorCoins* to reward social media engagement.

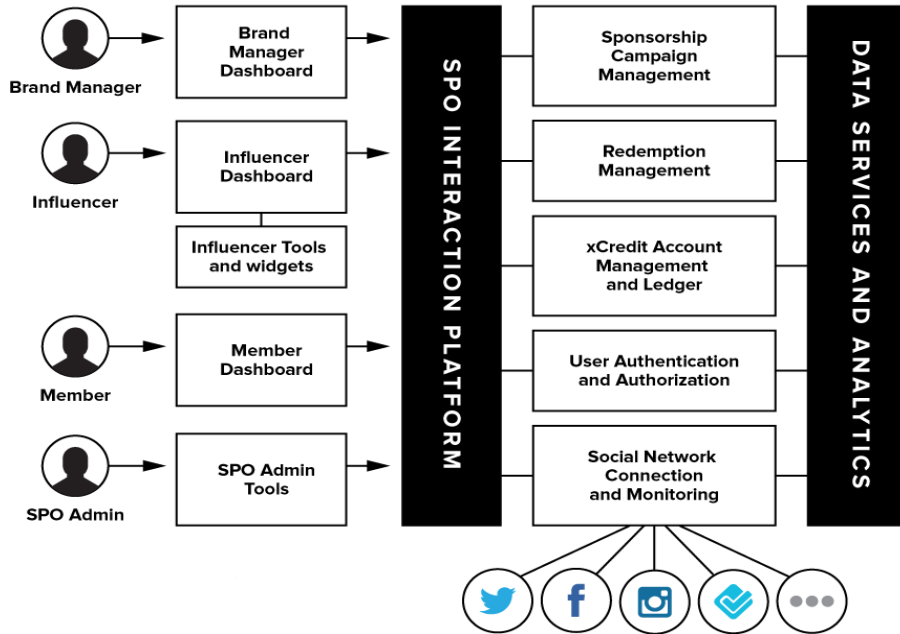
Technology Platform

SponsorsCloud was designed 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 a 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 SponsorsOne application architecture connecting the Brands, Micro-Influencers and social network users/customers/influencers). The mobile app allows the members to engage anytime, anyplace using their smart phone to stay connected to their Brands 24/7.

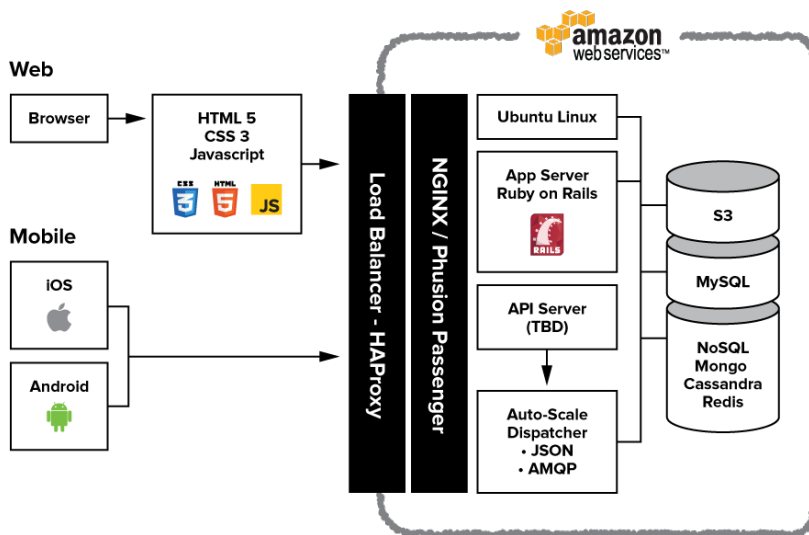
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Figure 1: Overall Application Architecture



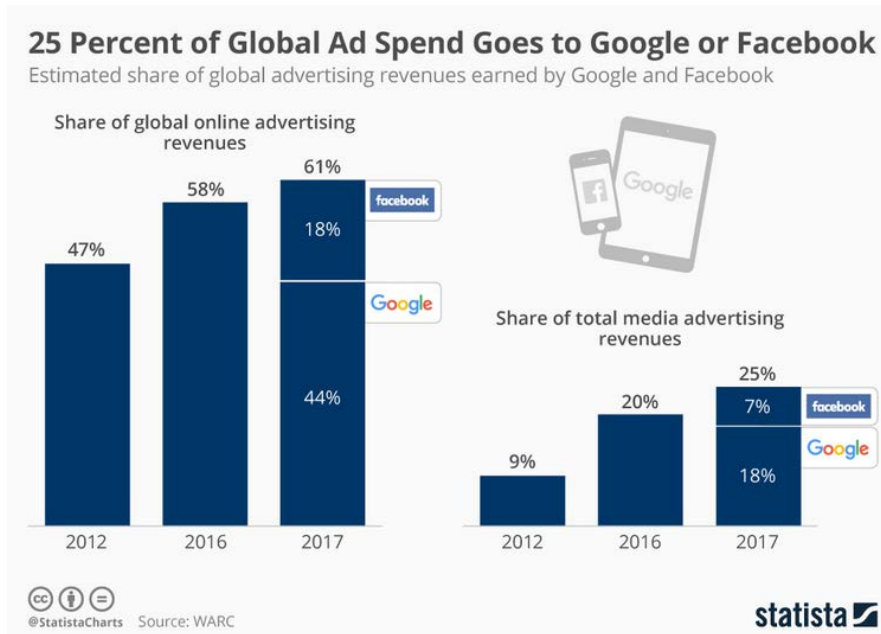
(Note: Member above would be the Micro-Influencer Influencer above is a professional influencer with millions of followers. xCredit is now rebranded as SponsorCoin)

Figure 2: Technology Stack operating within Amazon's AWS Hosting Service



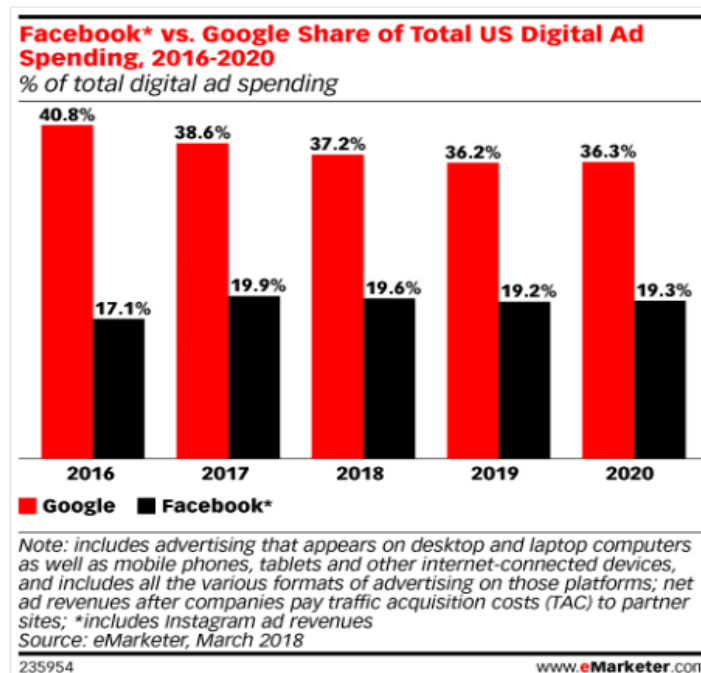
Competition

The market for digital marketing solutions is highly competitive and currently is led by Google and Facebook. Word search, display ads and sponsored posts dominate the digital advertising segment. Google and Facebook dominate 61% on digital revenues and 25% of the total global spend in media advertising:



Source: <https://www.statista.com/chart/12179/google-and-facebook-share-of-ad-revenue/>

New digital advertising technologies and entrants are starting to erode the growth rate of Google and Facebook. Entrants like Amazon, Microsoft and Verizon have entered the online ad market:



The digital market entrants are broken down as follows:

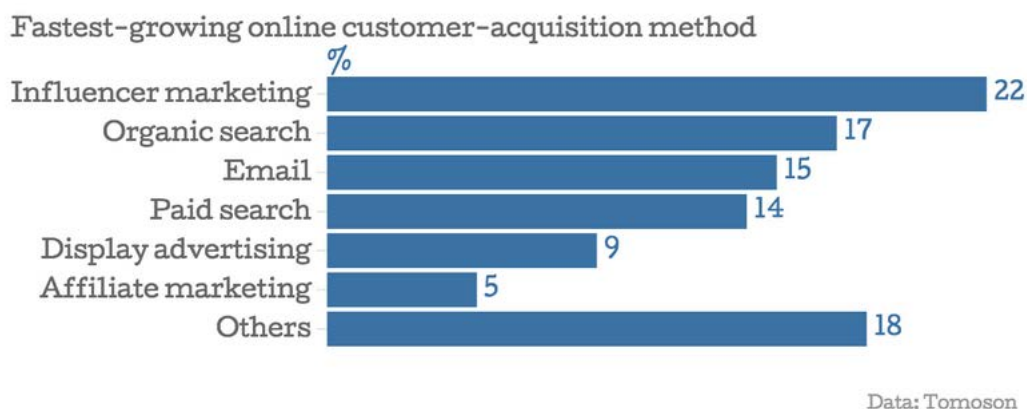
Net US Mobile Ad Revenue Share, by Company, 2016-2019
 % of total and billions

	2016	2017	2018	2019
Google	31.5%	32.4%	33.2%	33.8%
Facebook	22.5%	24.6%	26.0%	26.5%
Yahoo	2.6%	2.3%	2.1%	2.0%
Twitter	2.6%	2.0%	1.7%	1.4%
Pandora	1.8%	1.7%	1.6%	1.5%
YP	1.6%	1.4%	1.3%	1.2%
Snapchat	0.6%	1.3%	1.8%	2.7%
Amazon	0.5%	0.6%	1.0%	1.2%
Yelp	0.6%	0.6%	0.6%	0.6%
Microsoft (LinkedIn)	0.4%	0.4%	0.4%	0.5%
Other	35.3%	32.7%	30.3%	28.6%
Total (billions)	\$46.70	\$58.38	\$70.05	\$82.31

Note: net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; includes display (banners, rich media, video and other), search and messaging-based advertising; includes ad spending on tablets; numbers may not add up to 100% due to rounding
 Source: company reports; eMarketer, March 2017

223937 www.eMarketer.com

SponsorsOne with its SponsorsCloud technology and cryptocurrency SponsorCoin, is positioned within the influencer marketing segment of digital marketing. This is a new segment that mainly uses high profile celebrities to push media content for a very large fee. SponsorsOne expects to bring scale and automation to this category in order to make everyone an influencer on social media, no matter how small they are. The chart below shows that this influencer digital marketing category is the fastest growing category in digital marketing:



Revenue Sources

When SponsorsOne partners alongside small Brands and assumes the marketing costs and risk of the advertising campaign, in return for a percentage of sales derived by SPO, there are multiple revenue streams.

Percentage of Brand Revenue – Small Brands

1. Percentage of Brand Revenue – Small Brands: Revenue generated within the *SponsorsCloud* from the Brand’s smart campaigns that engage the user to purchase product or services from the Brand directly executed within the hosted ecommerce store within the *SponsorsCloud* or individually hosted by the Brand on another ecommerce platform.

2. Up to 10% of Incremental Brand Sales: Revenue will be generated from campaigns that generate incremental sales outside the *SponsorsCloud* ecommerce store. This revenue stream captures the marketing efforts resulting from traditional retail sales, other ecommerce sites and wholesale distribution. For example, 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 SPO will receive a negotiated percentage for its contribution to sales growth. Each subsequent year, the incremental amount could continue to be a 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 intends 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 a significant portion 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.

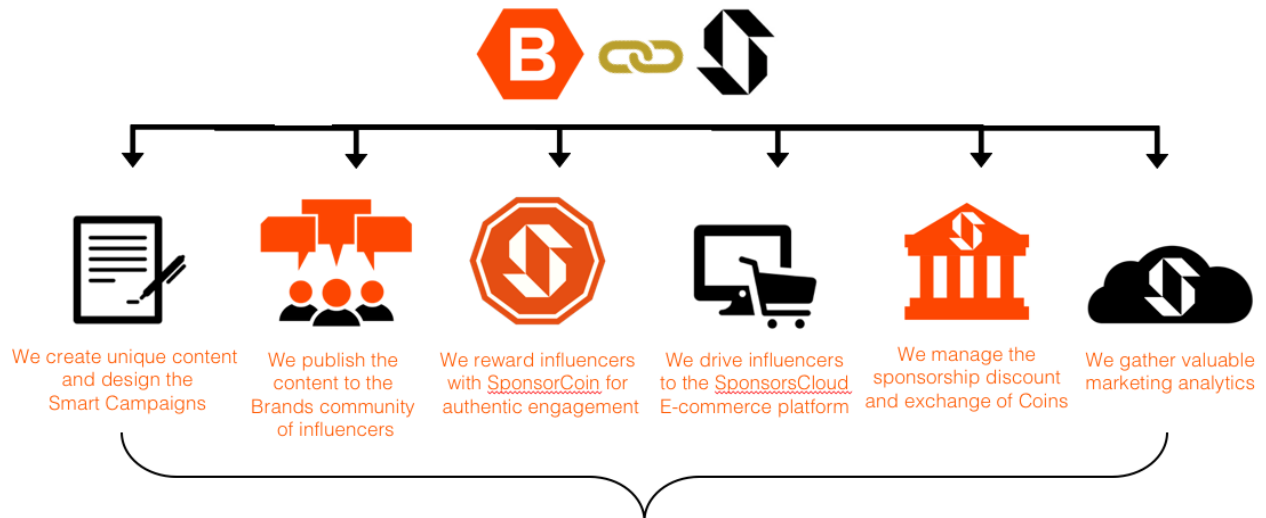
Data Analytics – Brands, Professional Influencers and Content Distributors

SponsorsCloud intelligence will be made available to Brands to assist them in product development, product changes and campaign adjustments. Feedback from Micro-Influencers to engage in product design will be priced based on the size of the Micro-Influencer network. Providing real time results on live campaigns, along with ROI analysis, and demographic analysis will all be tied to purchases as they happen. 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 user login (also known as 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.



Sales and Customers

The initial product launch for the *SponsorsCloud* will be in the USA in our four initial target markets (Food, Fashion, Beauty and eSports). eSports is an emerging market segment whereby gaming tournaments are played online mainly shooter games and are played until the top players are identified. They are then invited to a venue to compete for the prize money. League of Legends is the top eSports Game with over 100 million players globally in 2017, <https://www.statista.com/statistics/506923/esports-games-number-players-global/>. The tournament activity may be broadcasted online through YouTube or other direct video distribution channels. The role of SPM will be to engage with the Brand, develop the strategy and content needed to build the Brands Micro-Influencer network within all forms of social media. As the Micro-Influencer network grows, SPM will develop smart campaigns that direct the Micro-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. Los Angeles is also 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 an 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 Micro-Influencer networks that will be purchasing 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 Micro-Influencer networks within each of the potential countries.

Marketing

The marketing department of SponsorsOne is responsible for creating greater visibility for the Company and providing thought leadership to the markets we sell into, generating and managing leads and producing supporting materials. Our marketing efforts are focused on our core markets of online marketing and advertising. We use public relations, analyst relations, webinars, advertising, trade shows, social engagement and events to communicate our message to these target markets. Although our quarterly results are subject to fluctuation and our sales cycles are lengthy (see the Risk Factors section of this AIF for more information), our business is not subject to significant cyclical or seasonal fluctuations.

Research and Development

Research and development has historically been, and will continue to be, a significant portion of our overall operating costs as we continue to invest in new products, feature development and support for new applications and market verticals. A key step in our strategy to maximize shareholder value is to create market changing technologies which are built on a modern, model-driven engineering framework that addresses integration, customization and scalability issues that large enterprises need to manage their customer data. We work with our clients as strategic partners and

their requirements guide our product direction. Functionality that is developed to address a customer's requirements that has broad market applicability is added to our core products and made available to all our customers.

Intellectual Property

Evaluating the sponsorship engagement model, MXM pivoted its focus from the B2C single solution for amateur athletes to a B2B integrated platform for monetizing social networks by delivering smart marketing campaigns with integrated social commerce between Brands and Micro-Influencers). Subsequently, MXM rebranded its product to the *SponsorsCloud* in June, 2013. 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 Micro-Influencer. The value is based on the Micro-Influencers following and a number of social indicators, including network reach, post content, number of interactions, etc., as it specifically relates to the Brand. SPO continues to develop this technology and advance its patent portfolio. Both patents are pending at this time.

RISK FACTORS

Given the speculative nature of the business of the Company, an investment in the Company 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:

Insurance Coverage

The Company currently has no insurance coverage of any kind. The Company will require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. The Company intends to obtain director and officer and general commercial liability insurance in the near future but until that occurs, the Company has no coverage. Although the Company believes that it will have insurance in place before any events and amounts of liability are incurred, there can be no assurances. The Company believes they will be able to obtain insurance coverage 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.

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. 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. The Company is in an early stage and is introducing new products and the Company's revenues may be materially affected by the decisions, including timing decisions, regarding the introduction of products, efforts to develop a customer base, and other efforts as the company moves from the development stage to an operational stage. In addition, it is also difficult to evaluate the viability of the Company's *SponsorsCloud* platform because the Company has had limited experience in addressing the risks, expenses and difficulties frequently encountered by tech 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.

Cryptocurrency Volatility

Cryptocurrencies are prone to large swings in market value, gaining or losing hundreds or even thousands of dollars over the course of a day. This makes holding cryptocurrencies risky; any cryptocurrencies you own could stand to lose some or all of their market value at any time.

Lack of Oversight of Cryptocurrencies

Regulation and oversight are intended to protect the interests of users. In the absence of regulation and oversight, a user may be left with few remedies if they lose money as a result of a cryptocurrency transaction. The “terms and conditions” or other contracts an individual typically agrees to when signing up for a cryptocurrency trading platform or other service are usually drafted by the service provider, and may be not be in the best interest of the user. Carefully review the terms and conditions associated with any cryptocurrency trading platform or other party that you use to purchase or sell cryptocurrencies. News articles and online forums may help you learn more about the reputation of a cryptocurrency trading platform or other service and the quality of its services. However, it is crucial to read third party information with a skeptical eye. Similar to any unverified source, positive reviews might be drafted by employees, or other people paid by a service provider. Also, information could be outdated or inaccurate by the time you come upon it.

Risk of Fraud related to Cryptocurrencies

Some fraudsters have tried to capitalize on market interest in cryptocurrencies by creating new scams, or rebranding existing scams such as Ponzi schemes. They are looking for people who are seeking opportunities to get in “on the ground floor” with cryptocurrencies. If you are ever approached about a cryptocurrency investment, consider whether it fits the signs of investment fraud. Learn how certain transactions involving cryptocurrencies are regulated in Ontario. When in doubt, contact your provincial or territorial securities regulator, such as the Inquiries and Contact Centre of the Ontario Securities Commission.

Diversification of Investments and Backing of Cryptocurrencies

Large, undiversified investments in any single financial product can be risky, especially when, as can be the case with cryptocurrencies, prices are volatile and liquidity is limited. Depending on their characteristics, certain cryptocurrency-related products may be subject to securities regulation. Unlike traditional currencies, cryptocurrencies are not issued or backed by any government entity.

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 favorable 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. If competition in the Company's target markets increases, the Company's ability to generate revenues and to increase its market share may be adversely affected.

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

A 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 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 where intellectual property rights are less certain.

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 may 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.

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.

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 may 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 which 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 as errors and defects that 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. If data transmissions speeds are inadequate, the user experience may also suffer with a resulting loss of customers, followers, and users.

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.

Currency Fluctuations

Due to the Company's present operations, and its intention in the future to operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations. 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 Brand Communities, 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.

Content Creation

The Company's business involves building brand awareness for products offered by customers signing up for the SponsorsOne platform. The content needed must grab the attention of the Brands and Micro-Influencers in order to gain wide market acceptance of the products being promoted. Content creation is a new aspect of the business and the Company has limited historical basis for assessing whether its creative efforts will be successful. If the content created does not grab the attention of the Brands and Micro-Influencers, the marketing reach of the Company's platform may be restricted with a resulting impact on revenues and an increase in the effort required to attract new customers.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's current policy is to retain cash flows to finance the development and enhancement of its software and to otherwise reinvest in the Company's business. The declaration and payment of dividends on the Common Shares is subject to the provisions of the *Business Corporations Act (Ontario)* and is at the discretion of the company's board of directors (the "Board"). The Company's dividend policy will be reviewed from time to time by the Board in the context of earnings, financial condition and other relevant factors. There are no restrictions in our articles or pursuant to any agreement or understanding to which we are a party that could prevent us from paying dividends or distributions.

DESCRIPTION OF SHARE CAPITAL

General Description of Capital Structure

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 27,784,712 were issued and outstanding as fully paid and non-assessable as at December 31, 2017 and of which 30,409,712 are issued and outstanding as fully paid and non-assessable as of the date of this AIF. The Common Shares are not subject to any further call or assessment, do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Common Shares, all of which rank equally as to benefits that may accrue to the holders of the Common Shares. All holders of Common Shares are entitled to receive a notice of any meeting of the shareholders of SPO. Voting rights may be exercised in person or by proxy. Holders of Common Shares are entitled to receive such dividends in any financial year as the Board may declare. In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, ratably in proportion to their ownership interest, the remaining assets of our business. The Board is authorized to issue additional Common Shares on such terms and conditions and for such consideration as the Board may deem appropriate without further security holder action.

Warrants

As of the date of this AIF, we have outstanding warrants to purchase up to 11,766,332 Common Shares (not including the Special Warrants (as defined below)). The following table summarizes the common share purchase warrants outstanding as of the date of filing this AIF:

Date of Issuance	Number of Warrants	Exercise Price	Expiry Date
January 5, 2018	2,625,000	\$0.05	January 5, 2020
May 8, 2017	2,350,548	\$0.15	May 8, 2020
July 5, 2016	6,790,784	\$0.30	July 5, 2018

Options

As of the date of this AIF, we have outstanding stock options to purchase up to 3,335,000 Common Shares. The following table summarizes the stock options outstanding as of the date of filing this AIF:

Date of Issuance	Number of Options	Exercise Price	Expiry Date
January 10, 2018	1,450,000	\$0.30	January 10, 2028
July 4, 2016	500,000	\$0.15	July 4, 2026
April 28, 2016	75,000	\$0.15	April 28, 2026
July 2, 2016	100,000	\$0.60	July 2, 2026
January 19, 2015	25,000	\$0.90	January 19, 2025
August 28, 2014	200,000	\$1.00	August 28, 2024
February 27, 2014	50,000	\$0.95	February 27, 2024
July 1, 2013	50,000	\$0.30	July 1, 2023
July 26, 2013	100,000	\$0.30	July 26, 2023
January 27, 2013	50,000	\$0.15	January 27, 2023
January 10, 2013	100,000	\$0.15	January 10, 2023
January 1, 2013	535,000	\$0.30	January 1, 2023
January 1, 2013	100,000	\$0.15	January 1, 2023

All outstanding stock options were granted under our shareholder approved stock option plan.

Special Warrants

On May 16, 2018 the Company issued, on a private placement basis, 1,568,440 Special Warrants pursuant to a special warrant indenture of that same date (the "Special Warrant Indenture") between the Company and TSX Trust Company. Pursuant to the Special Warrant Indenture, each Special Warrant is exercisable, without payment of any additional consideration, into one (1) Unit consisting of one (1) Common Share and one half (1/2) Common Share purchase warrant (each whole warrant being a "SW Warrant") at any time on or after May 16, 2018, and all unexercised Special Warrants will be deemed to be exercised at 5:00 p.m. (Toronto time) on the date that is the earlier of: (i) the fifth business day after the date on which the Company obtains a Final Receipt; and September 13, 2018. In the event that the Final Receipt is not obtained by July 15, 2018, each Special Warrant shall thereafter, on the Deemed Exercise Date, be deemed to be exercised for no additional consideration and without any further action on the part of the holder, into a supplemental 0.1 of a Common Share in addition to the one (1) Common Share and one half (0.5) SW Warrant which comprise the Unit. The Company has covenanted with subscribers for the Special Warrants to use its best efforts to obtain the Final Receipt before the Qualification Deadline.

Each SW Warrant entitles the holder thereof to acquire, subject to adjustment in certain circumstances, one (1) Common Share at an exercise price of \$0.30 per share for a period of twelve (12) months following the Deemed Exercise Date, provided that if the closing price at which the Common Shares trade on the Canadian Securities Exchange (the "CSE") (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceeds \$0.55 for five (5) consecutive trading days at any time following the date that is four months and one day after the Deemed Exercise Date, the Company may accelerate the expiry date of the Warrants (the "Reduced Warrant Term") to the date that is twenty-one (21) calendar days following the date a press release is issued by the Company announcing the Reduced Warrant Term.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares commenced trading on the Canadian Stock Exchange under the symbol SPO on December 23, 2013. The Special Warrants, Warrants and stock options do not trade on any markets. The following table provides high / low sales prices and trading volumes for the Common Shares for the periods indicated:

Month	High – Price (\$)	Low – Price (\$)	Volume
January 2017	0.05	0.025	555,815
February 2017	0.03	0.04	553,064
March 2017	0.04	0.03	452,423
April 2017	0.06	0.03	453,188
May 2017	0.05	0.05	69,000
June 2017	0.05	0.045	38,500
July 2017	0.045	0.035	129,000
August 2017	0.04	0.025	532,333
September 2017	0.03	0.02	1,077,900
October 2017	0.03	0.025	173,000
November 2017	0.075	0.02	1,917,136
December 2017	0.30	0.03	5,656,783
January 2018	0.345	0.13	3,361,260
February 2018	0.25	0.13	1,078,666
March 2018	0.26	0.155	531,372
April 1 2018	0.305	0.17	491,793
May 1 -18, 2018	0.205	0.19	372,690

Prior Sales

The following table provides details regarding all Common Shares or securities convertible into Common Shares that have been issued by the Company during the period from January 1, 2017 to the date of this AIF:

Type of Security ⁽¹⁾⁽²⁾	Type of Issuance	Number of Securities ⁽³⁾	Price per Security ⁽⁴⁾	Date of Issuance
Common Shares	Private Placement	2,350,548	\$0.05	May 8, 2017
Warrants	Private Placement	2,350,548	\$0.15	May 8, 2017
Common Shares	Private Placement	2,625,000	\$0.04	January 5, 2018
Warrants	Private Placement	2,625,000	\$0.05	January 5, 2018
Options	Grant	1,450,000	\$0.30	January 10, 2018
Special Warrants	Private Placement	1,568,440	\$0.18	May 16, 2018
Finders Options ⁽⁵⁾	Private Placement	156,844	\$0.18	May 16, 2018

1. A reference to “Options” represents incentive stock options granted pursuant to the Company’s incentive stock option plan.
2. A reference to “Warrants” represents one full warrant entitling the holder thereof to acquire 1 Common Share for a set price.
3. For options and warrants, this represents the maximum number of Common Shares issuable upon exercise of the option or warrant.
4. For Options and Warrants, this represent the exercise price.
5. Represents options to purchase Units under the Unit Offering which represent 156,844 Common Shares and warrants to purchase an additional 78,422 Common Shares for \$0.30 / share on or before May 16, 2020.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The directors of SPO are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with SPO’s articles or until such director’s earlier

death, resignation or removal. The Board currently consists of Myles Bartholomew, Gary Bartholomew, Doug Beynon and Stephen Barley.

As a group, all management and directors of the Company as a group own and control, directly and indirectly, 27.1% of the Common Shares, being the only voting securities of the Company. The following table sets forth, for each of the directors and executive officers, the individual's name, municipality of residence, position held with the Company, principal occupation and, in the case of the directors, the period during which the individual has served as a director of SPO:

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation, Business or Employment for Last Five Years	Served as Director / Officer of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾	Percentage of Voting Shares Owned or Controlled
Myles Bartholomew ⁽⁴⁾ Ontario, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company (and its predecessor MXM) since June, 2013	December 19, 2013	6,027,719	21.69%
Gary Bartholomew ⁽²⁾⁽³⁾⁽⁵⁾ Ontario, Canada Director	President of CyberNorth Ventures since Oct. 1995	December 19, 2013	1,407,146	5.06%
Doug Beynon ⁽²⁾⁽³⁾⁽⁶⁾ Ontario, Canada Director	President of Beynon Enterprises, since April, 2010. Entrepreneur-in-Residence at the Conrad Business, Entrepreneurship and Technology Centre, University of Waterloo	December 19, 2013	Nil	0%
Stephen Barley ⁽²⁾⁽³⁾⁽⁷⁾ Ontario, Canada Director	President of CHM Financial Services Inc., a private corporate finance services company since Jan, 2001	January 12, 2015	97,933	0.35%
Brad Herr Washington, United States Chief Financial Officer	Managing Member of Nexit Opportunities LLC, a private corporate financial services and private equity company since April 2013	March 28, 2018	Nil	0%

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation/Human Resources and Governance Committee.
- (4) 225,167 of such Common Shares are held by Myles Bartholomew indirectly through CyberNorth Ventures Inc., a corporation which he has controls.
- (5) 225,167 of such Common Shares are held indirectly through CyberNorth Ventures Inc. and 1,181,979 Common Shares are held indirectly through Pilkington Capital Corporation, corporations controlled by Gary Bartholomew.
- (6) Chair of the Audit Committee.
- (7) Chair of the Compensation/Human Resources and Governance Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth below, to our knowledge, none of our directors or executive officers is at the date of this AIF, or was within the past 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, that:

1. was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

2. was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer and chief financial officer.

None of our directors, executive officers or shareholders holding a sufficient number of our securities to materially affect the control of our company is, or has been within the past 10 years:

1. a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
2. become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

None of our directors, executive officers or shareholders holding a sufficient number of our securities to materially affect the control of our company has been subject to:

1. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
2. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Bartholomew was the Chairman and Chief Executive Officer of xRM Global Inc. (“xRM”), a company that was listed on the TSX Venture Exchange and subsequently delisted. In 2011, temporary cease trade orders were issued against xRM by the Ontario Securities Commission, Alberta Securities Commission and British Columbia Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis, and certificate of annual filings for the year ended December 31, 2010 and interim unaudited financial statements, interim management’s discussion and analysis, and certificate of interim filings for the interim periods ended March 31, 2011, June 30, 2011 and September 30, 2011. xRM remains a reporting issuer but is not in good standing, as its audited statements have not yet been filed.

Additionally, Gary Bartholomew and Stephen Barley were directors of Cervus Financial Group Inc. (“Cervus”) which was subject to cease trade orders in December 2005 issued by the British Columbia Securities Commission and Ontario Securities Commission for failure to file the audited financial statements for the year ended September 30, 2005, management’s discussion and analysis relating to the audited annual financial statements for the year ended September’ 30, 2005 and annual information form for the year ended September 30, 2005. The cease trade orders issued by both the British Columbia Securities Commission and Ontario Securities Commission were later revoked in February, 2006 upon filing of these records by Cervus. Mr. Bartholomew was not a director of the company at the time of issuance of the permanent cease trade order but was a director within a 12 month period before such event. Cervus thereafter filed for creditor protection under the Companies Creditors Arrangement Act (“CCAA”) and sold its assets and shares pursuant to the creditor protection process.

From October 20, 2009 to present Doug Beynon has served as a director of xRM, a company that was formerly listed on the TSXV. In 2011, temporary cease orders were issued against xRM by the Ontario Securities Commission, Alberta Securities Commission and British Columbia Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2010 and interim unaudited financial statements, interim management’s discussion and analysis, and certification of interim filings for the interim periods ended March 31, 2011, December 31, 2011 and September 31, 2011. xRM was then delisted from trading on the TSXV and remains a reporting issuer but is not in good standing, as xRM is not current with its required regulatory filings.

Conflicts of Interest

In the event conflicts arise at a meeting of the Board, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, SPO will establish a special committee of independent non-executive directors to review a matter in which one or more directors or management may have a conflict.

To the best of SPO's knowledge, there are no known existing or potential conflicts of interest between SPO and any director or officer of SPO, except that certain of the directors of SPO serve as directors and officers of other public companies and it is therefore possible that a conflict may arise between their duties as a director or officer of SPO and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management of SPO is not aware of any existing or contemplated legal proceedings material to SPO, to which SPO is, or during the financial year ended December 31, 2017 was, a party or of which any of its property is, or during the financial year ended December 31, 2017 was, subject.

Management of SPO is not aware of any penalties or sanctions imposed against SPO by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2017 or any other penalties or sanctions imposed by a court or regulatory body against SPO that would likely be considered important to a reasonable investor in making an investment decision.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company or a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of voting securities of the Company, or any associate or affiliate of any such person, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or the current financial year that has materially affected or is reasonably expected to materially affect the Company.

AUDIT COMMITTEE

National Instrument 52-110 - Audit Committees ("NI 52-110") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be disclosed. The Company is a "venture issuer" for the purposes of NI 52-110.

Audit Committee Charter

The full text of the charter of the Company's Audit Committee is attached hereto as Appendix "A".

Composition of the Audit Committee

The Audit Committee members are currently Gary Bartholomew, Doug Beynon and Stephen Barley, each of whom is a director and financially literate. Messrs. Beynon and Barley are each independent in accordance with NI 52-110. Doug Beynon is the Chair of the Audit Committee.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Gary Bartholomew, Director - Mr. Bartholomew is the Executive Chairman of the Board of the Company, guiding the senior management team at MXM and the Company. Gary is an experienced entrepreneur with a proven track record of success and has successfully established and operated MXM since its incorporation and has been responsible for managing the operations of MXM in the role of chief executive officer prior to February 2013. He has considerable

operational experience and technical knowledge of social network portal websites and search engines. Additionally, Gary is a founding Advisor to the Masters In Business, Entrepreneurship and Technology program at the Conrad Centre, University of Waterloo, and Department of Engineering. In addition to his advisory role in the MBET program, Mr. Bartholomew is also a founding advisor of the University of Waterloo's Stratford Campus School of Global Business and Digital Arts. Gary takes an active role in mentoring technology based start-ups in the Waterloo area.

Doug Beynon, Director - Mr. Beynon is an experienced entrepreneur. Doug was appointed Entrepreneur-in-Residence at the Conrad Business, Entrepreneurship and Technology Centre in 2009 where he served as founder and Chair of the Advisory Council (2003-2009) and continues to serve as an active member of the Advisory Council. Doug is also a board member of the following organizations: Electrical Contracts Ltd, xRM Global Inc., Ubiquity Solar Inc., PinPoint Cayman Holdings Inc.; Dean's Advisory Council, Faculty of Engineering, University of Waterloo; Waterloo Stratford Campus Advisory Council, University of Waterloo; Advisory Board Member, Tangam Technologies Inc. and Metalumen.

Stephen Barley, Director - Mr. Barley has over 30 years of experience in the public corporate arena assisting in the structuring of financings, mergers, acquisitions and providing general corporate finance advice. After 15 years of successful private practice as a corporate finance and securities lawyer, Mr. Barley left the practice of law to participate in a number of publicly traded companies either as a founder, investor, or as an officer and director. Currently he is the Executive Chairman of a TSX listed resource company engaged in international projects. Mr. Barley is well versed in all aspects of public company finance and regulatory compliance. He is a member in good standing of the Law Societies of British Columbia and Alberta and holds a B.Comm. degree from Mount Allison University and a LLB from Dalhousie University.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (De Minimis Non-audit Services) of MI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or
2. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the charter of the Audit Committee.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2017 and December 31, 2016:

	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
Year ended December 31, 2017	17,000	Nil	Nil	17,000
Year ended December 31, 2016	30,000	Nil	Nil	30,000

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company’s annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice and advice related to relocating employees.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of SPO are MNP LLP, Chartered Professional Accountants, 111 Richmond Street West, #300, Toronto, ON M5H 2G4.

The registrar and transfer agent of the Common Shares is TSX Trust Company, 301-100 Adelaide Street West Toronto ON M5H 4H1.

MATERIAL CONTRACTS

With the exception of agreements entered into in the normal course of business, there are no material contracts that have been entered into by SPO within the two years prior to the date of this AIF.

INTERESTS OF EXPERTS

MNP LLP, SPO’s independent auditors, have audited SPO’s consolidated financial statements for the years ended December 31, 2017 and 2016. As of the date hereof, MNP LLP has confirmed they are independent with respect to SPO.

To SPO’s knowledge, none of the foregoing experts held any registered or beneficial interest, direct or indirect, in any securities or other property of SPO or any of its associates or affiliates, and no securities or other property of SPO or any of its associates or affiliates were subsequently received or are to be received by such experts.

ADDITIONAL INFORMATION

The Company’s head office is located at 2 Campbell Drive, Suite 307C, Uxbridge, Ontario, Canada L9P 1H6. Telephone and email contact is (647) 400 – 6927 and info@sponsorone.com respectively. The registered office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, Canada M5H 2V1

Additional information about us is available at our website at www.sponsorone.com and on the SEDAR website at www.sedar.com. Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in our Management Information Circular for our upcoming annual meeting of shareholders. Additional financial information is provided in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements, the notes thereto and the report of the external auditors thereon for the year ended December 31, 2017.

APPENDIX A - AUDIT COMMITTEE CHARTER

PART I General

The Board of Directors of the Company (the “**Board**”) has established a Finance and Audit Committee (the “**Committee**”) to take steps on its behalf as are necessary to assist the Board in fulfilling its oversight responsibilities regarding:

- a. the integrity of the Company’s financial statements;
- b. the internal control systems of the Company;
- c. the external audit process;
- d. the internal audit and assurance process;
- e. risk management;
- f. investment opportunities and the raising of funds by the Company;
- g. the administration, financial reporting and investment activities of the pension plan(s);
- h. the Company’s compliance with legal and regulatory requirements, and
- i. any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

PART II Members

The Board will in each year appoint a minimum of three (3) directors as members of the Committee. All members of the Committee shall be non-management directors when the company no longer is an emerging issuer, until then at least a majority of non-management directors will be elected. In addition, the Committee will have an appropriate representation of independent directors, as required and defined by law, and all regulatory orders and exemption orders issued in respect of the Company by applicable securities regulatory authorities.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

The Chief Executive Officer (“**CEO**”) of the Company and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other directors who are not members of the Committee may attend all meetings of the Committee in an ex-officio capacity and shall not vote. The CEO and other directors that are part of the management team shall not attend in-camera sessions.

PART III Duties

The Committee shall have the following duties:

(a) Financial Reporting and Disclosure

1. **Audited Annual Financial Statements:** Review the audited annual financial statements, all related management discussion and analysis, (“**MD&A**”), and earnings press releases for submission to the Board for approval.
2. **Quarterly Review:** Following their review by the external auditor, review the quarterly financial statements, the related MD&A, and earnings press releases for submission to the Board for approval.
3. **Significant Accounting Principles and Disclosure Issues:** Review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the

statements are accurate, complete, do not contain any misrepresentations, and present fairly the Company's financial position and the results of its operations in accordance with Canadian GAAP.

4. **Compliance:** Confirm through discussions with management and external auditors that Canadian GAAP and all applicable laws or regulations related to financial reporting and disclosures have been complied with.
5. **Legal Events:** Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Company's financial statements, and the manner in which these have been disclosed in the financial statements.
6. **Off-Balance-Sheet Transactions:** Discuss with management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
7. **Other Disclosures:** Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information, other than the public disclosure of the information referred to in sections 1 and 2 above, and periodically assess the adequacy of those procedures.

(b) Oversight of Internal Controls

8. **Review and Assessment:** Review and assess the adequacy and effectiveness of the Company's system of internal controls over financial reporting and management information systems through discussions with management, the Chief Financial Officer ("CFO"), and the external auditor.
9. **Oversight:** Oversee system of internal control, by:
 - a. Monitoring and reviewing policies and procedures for internal accounting, internal audit, financial control and management information;
 - b. Consulting with the external auditor regarding the adequacy of the Company's internal controls;
 - c. Reviewing with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response; and
 - d. Obtaining from management adequate assurances that all statutory payments and withholdings have been made.
10. **Fraud:** Oversee investigations of alleged fraud and illegality relating to the Company's finances.
11. **Complaints:** Review with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

(c) External Audit

12. **Appointment or Replacement:** Recommend to the Board appointment or replacement of the external auditor for the purposes of preparing or issuing an auditor's report and performing the audit. The Board, will consider the recommendation prior to submitting the nomination to the shareholders for their approval.
13. **Compensation:** Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Company, and the extent of internal audit and other support provided by the Company to the external auditor.

14. **Reporting Relationships:** The external auditor will report directly to the Committee.
15. **Performance:** Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.
16. **Transition:** Review management's plans for an orderly transition to a new external auditor, if required.
17. **Audit Plan:** Review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts.
18. **Audit Plan Changes:** Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
19. **Review of Results:** Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
20. **Disagreements with Management:** Resolve any disagreements between management and the external auditor regarding financial reporting in a timely manner.
21. **Material Written Communications:** Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
22. **Interim Financial Statements:** Engage the external auditor to review all interim financial statements and review, in the absence of management, the results of the auditor's review of the interim financial statements and the auditor's review of the related MD&A.
23. **Other audit matters:** Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.
24. **Meeting with External Auditor:** Meet with the external auditor in the absence of management at least quarterly to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
25. **Correspondence:** Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
26. **Independence:** At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Company, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Company, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.
27. **Non-Audit/Audit Services:** Pre-approve any non-audit services to be provided to the Company and its subsidiaries, by the external auditor, with reference to compatibility of the service with the external auditor's independence. The Committee shall satisfy the pre-approved requirements in accordance with applicable

laws, rules and regulations as adopted or in force or amended from time to time, including sections 2.4 and 2.6 of Multilateral Instrument 52-110 – Audit Committees.

28. **Hiring Policies:** Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

(d) Internal Audit and the Provision of Assurance

29. **Chief Financial Officer:** Review and approve the appointment, replacement or dismissal of the CFO. The CFO reports to the CEO administratively and to the Committee functionally.
30. **Assurance Activities:** Review with management and the CFO the mandate, staffing, plans, activities, and results of the Company's assurance providers to gain reasonable assurance that their activities are appropriately comprehensive, effective and coordinated with the external auditor.
31. **Assurance Findings:** Discuss the impact of any significant assurance findings, together with the appropriateness of management's response, on the adequacy and effectiveness of the Company's system of internal control.
32. **Meeting:** Meet with the CFO in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration, including a discussion of any restrictions or limitations placed on the CFO with respect to scope of work or access to required information.

(e) Risk Management

33. **Adequacy of Policies and Procedures:** Review and assess the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks annually, and review quarterly updates on these risks from the Executive Vice President of Treasury and Risk Management. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board.

(f) Financial Planning and Investments

34. **Business Plan:** Review and recommend the Business Plan, including the annual Operating and Capital Budgets for submission to the Board for approval. Review periodic financial forecasts.
35. **Investment Opportunities:** Review and assess investment opportunities of a value exceeding management's authority, in accordance with procedures established by the Board from time to time.
36. **Guidelines and Policies:** Review and approve guidelines and policies for the investing of cash and marketable securities and review reports from management on the results of such investments against established benchmarks.
37. **Additional Funds for Investment:** Review and assess management's plans with respect to raising additional funds whether through debt or capital, in accordance with procedures established by the Board from time to time.

(g) Compliance

38. **Filings with Regulatory Authorities:** Review with management the Company's relationship with regulators, and the timeliness and accuracy of Company filings with regulatory authorities.
39. **Employee Code of Conduct:** Review the Company's Employee Code of Conduct and confirm that adequate and effective systems are in place to enforce compliance. Ensure the Employee Code of Conduct is disclosed in the Company's annual report or information circular at least every three years or following a material

amendment. Alternatively, confirm with management that an up-to-date version of the Employee Code of Conduct is disclosed on the Company's website.

(h) Communication

40. **Communication Channels:** Establish and maintain direct communication channels with management, the CFO, the external auditor and the Board to discuss and review specific issues as appropriate.
41. **Coordination with Management:** The Committee will coordinate with management on audit and financial matters, and will:
 - Meet privately with management at least quarterly to discuss any areas of concern to the Committee or management; and
 - Review expenses incurred by the Chair of the Board and CEO of the Company. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

(j) Related Party Transactions

42. **Related Party Transactions:** Review with management all related party transactions and the development of policies and procedures related to those transactions.

(k) Board Relationship and Reporting

43. **Adequacy of Charter:** Review and assess the adequacy of the Committee Charter annually and submit such amendments as the Committee proposes to the Governance Committee.
44. **Disclosure:** Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Company's Annual Information Form and all other applicable disclosure documents.
45. **Reporting:** Report regularly to the Board on Committee activities, issues and related recommendations.

PART IV Chair

The Board will in each year appoint the Chair of the Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

PART V Meetings

The Committee shall meet at the request of its Chair, but in any event it will meet at least four to six times a year. Notices calling meetings shall be sent to all Committee members, to the external auditors, to the CEO of the Company, to the Chair of the Board and to all other directors. The external auditor or any member of the Committee may call a meeting of the Committee.

PART VI Quorum

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

PART VII Removal and Vacancy

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the independent directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

PART VIII Experts and Advisors

The Committee may retain or appoint, at the Company's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committee shall provide notice to the Governance Committee of its actions in this regard.

PART IX Secretary and Minutes

The CFO of the Company, or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Company.