



**Sponsors
One™**

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

July 13, 2018

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GENERAL MATTERS AND FORWARD-LOOKING STATEMENTS

General Matters

This Amended and Restated Annual Information Form (“AIF”) is prepared as of July 13, 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."

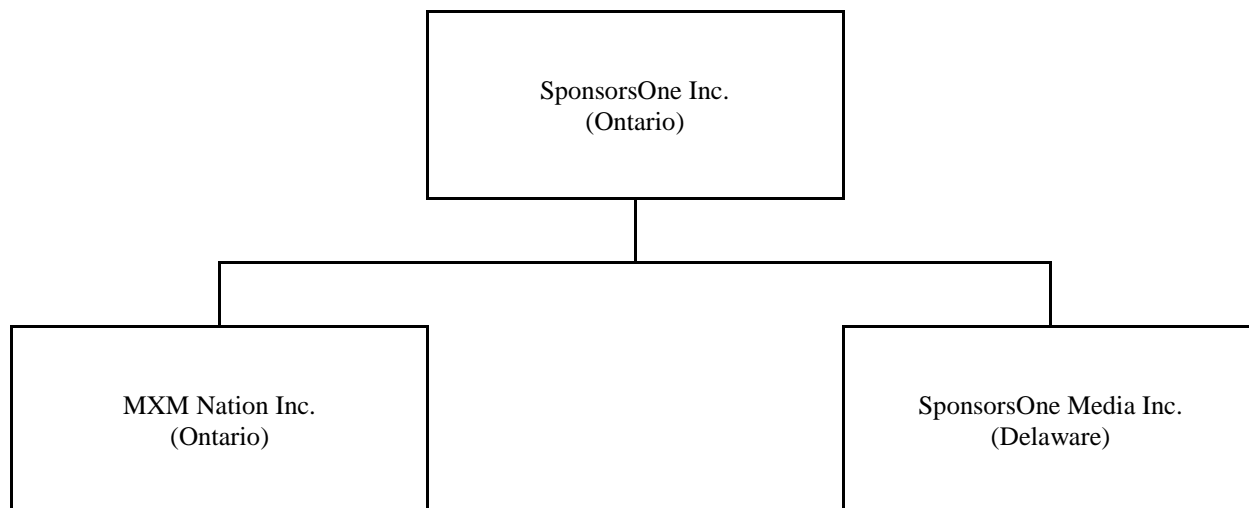
SponsorsOne Media Inc. ("SPM"), a wholly owned subsidiary of the Company, was incorporated under the laws of Delaware on January 11, 2018.

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 SponsorCloud 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.

On June 18, 2018, the Corporation announced the extension of the expiry dates of 6,790,784 outstanding share purchase warrants (the "Warrants") that were issued pursuant to a private placement and debt settlement completed in July, 2016. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.30 per share for a period of 24 months from the date of issuance which expires on July 4, 2018. Subject to Canadian Securities Exchange approval, the expiration of the Warrants will be extended to July 4, 2019. All other terms of the Warrants will remain the same.

On July 3, 2018, the Corporation reached agreements, with effective dates of June 15, 2018, with holders of accounts payable and accrued balances to extend, settle, or reduce the outstanding balances. Extensions (the "Extensions") occurred with holders of \$154,271 of accounts payable. Such amounts bear interest at 12% per annum (with payment thereof deferred until July 31, 2019) and are now payable over a 3 year period with the first monthly payments commencing on July 31, 2019 with equal monthly installments sufficient to satisfy the debts in full by June 30, 2021. Accounts payable and accrued balances totaling \$1,227,823 were settled and / or written off in full for cash payments totaling \$30,632 (the "Settlements"). The Settlements were obtained from persons friendly to the Corporation who expressed a willingness to resolve old balances at reduced or zero payout. Lastly, the Corporation reclassified (the "Reclassifications") accounts payable totaling \$473,639 as other liabilities – long term, on the basis that the amounts are disputed and management believes them to be without merit. The Extensions, Settlements and Reclassifications resulted in a reduction of accounts payable totaling \$1,855,733.

DESCRIPTION OF THE BUSINESS

The Corporation works with companies to promote their product lines (“Brands”) through social media marketing campaigns which include:

1. creating and producing video, audio, photography, graphics and other web content (“Entertainment Media”);
2. developing a network (“Influencer Network Development”) of people who have a Brand relevant presence in online social media to facilitate a connection amongst their followers to a particular Brand (“Influencer(s)”);
3. facilitating the dissemination of, and interaction with, the Entertainment Media by the Influencers (the “Influencer Engagement”), using the proprietary platform (“SponsorsCloud”) being developed by the Corporation;
4. tracking and evaluating the effectiveness of the Influencer Engagement using the proprietary analytics within SponsorsCloud (“Data Analytics”);
5. working with Brands to develop customized incentive programs (“Smart Campaigns”), through SponsorsCloud, for Influencer Engagement and to reward this behavior with a proprietary cryptocurrency (“SponsorCoin”); and
6. providing and application, SponsorsCloud, through which Influencers can: (i) use SponsorCoins to purchase discounted product from Brands on their own e-commerce sites; (ii) redeem Sponsorcoins for cash from the Corporation; or (iii) trade Sponsorcoin into other cryptocurrencies.

SponsorsCloud and SponsorCoin are designed to address the challenges faced by companies connecting Brands with Influencers, facilitating social media interaction, measuring the impact on such interactions and selectively rewarding the most effective interactions. Influencers are people in social media that have followings of people, who take actions based on what that Influencer buys, does and says. The term Influencers often has a connotation for large Influencers who sometimes 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. 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 SponsorsCloud and patent pending SponsorCoin to address the foregoing issues by creating Influencer communities, including Micro-Influencers, for Brands.

USING MICRO-INFLUENCERS TO SUCCESSFULLY PROMOTE YOUR BUSINESS

WHY MICRO-INFLUENCERS

● Trusted

Opinions evoke high degrees of credibility and confidence from friends & followers.

● Brand Relevant

High connection with brand, product, and brand-relevant topics.

● High in Volume

Exist in greater numbers than mega- or macro- influencers, able to generate content at scale.



● Are Loyal

Have existing brand relationship based on purchase history and positive brand affinity.

● Will Advocate

Will recommend or publically support brand and products.

● Have Influence

Able to drive friends & followers to take a desired action.

Technology Description and Development

The Corporation has spent approximately \$3,000,000 over the past 3 years developing the SponsorsCloud which is in the final stages of completion for commercialization. SponsorsCloud consists of the Central Ledger (as defined and described below), SponsorCoin, systems for the creation of Smart Campaigns and Data Analytics. Full user experience design of SponsorsCloud is complete with full web browser functionality including dash boards for administration by SPO, Brands and Influencers.

In order to complete the final stages of commercialization of SponsorsCloud, SPO is in the process of completing the following steps (the “Technology Development Phase I”): (i) moving the SponsorsCloud from beta servers into a fully operational production environment using the Amazon web platform, Amazon Web Services; (ii) simulations and testing to be ensure a stable server infrastructure; (iii) minor adjustments to the SponsorsCloud social media connectivity; (iv) finalization of the Amazon e-commerce integration for coupon & discount codes; and (v) final adjustments to the user interface. Management anticipates that the Technology Development Phase I will take approximately 8 weeks to complete once this work commences.

Additional developments will include the addition of a mobile application which also requires additional modifications to the web interface of SponsorsCloud, including the following steps (the “Technology Development Phase II”): (i) finalize the mobile application user flows; (ii) integration of Shopify and Bigcommerce for redemptions with additional Brands e-commerce using those interfaces; (iii) optimizing the integration process for interaction of SponsorsCloud with all social media applications to accommodate the mobile application; (iv) additional scale testing to optimize and monitor the SponsorsCloud in conjunction with the mobile application; and (v) security upgrades to monitor SponsorsCloud. Management anticipates that Technology Development Phase II will take approximately 16 weeks from the date it is started.

SponsorCoin has been fully developed including its full management system, wallet and issuance technology that issues the SponsorCoin from the bank (the “SponsorsBank”) of SponsorsCloud. Each Influencer and Brand will have their own wallet within SponsorCloud to hold SponsorCoins. As of the date hereof, no SponsorCoins have been issued.

At the start of each marketing campaign for a Brand, SPO will create and issue Sponsorcoins to a Brand who will use those SponsorCoins to reward Influencers for Influencer Engagement. Influencers then use them to purchase Brand product. At the time of purchase, the SponsorCoin moves from the Influencer back to the Brand for reuse into a new Smart Campaign. If a Brand does not have enough SponsorCoins for their next Smart Campaign, SPO will issue more SponsorCoins from the SponsorsBank. The movement of Sponsorcoins from the SponsorsBank to the Brand for their Smart Campaign, to the Influencer as a reward for Influencer Engagement and then back to the Brand for purchase of product is tracked over the entire life of each Sponsorcoin. Data Analytics uses the data associated with this movement for analysis to determine the effectiveness of various types of Influencer Engagement and to refine future Smart Campaigns.

Ongoing costs related to SponsorsCloud will break down into 3 categories: (i) operational; (ii) maintenance; and (iii) development. Operational costs to run and host the servers at Amazon web platform, Amazon Web Services, are estimated at 2% of sales regardless of volume. SponsorsCloud has been designed and tested to automatically scales up to 1,000,000 transactions per second and when transaction volume is low, it automatically scales down to server utilization to reduce hosting and serves charges. After its first year of operation, SPO anticipates annual maintenance costs of approximately \$250,000 to keep the server running and troubleshoot system errors. This function will be performed by a small team of external consultants consisting of systems engineers with one lead developer. After learning from the first year of operations, as customer requirements appear due to deployment within the target market segments, it is anticipated that additional development of SponsorsCloud will be implemented depending on needs and available funds. Additional development work will be performed by a small team of external consultants consisting of system engineers and a lead developer. SponsorsCloud currently has the full functionality to execute on the current business model. SPO cannot at this time predict what modifications or additions will be necessary or desirable and will make such determinations on a case by case basis depending on the anticipated costs and the anticipated associated revenue that could be associated with any such modifications.

Production of Entertainment Media

SPO created SponsorsOne Media in January, 2018 as a wholly owned Delaware corporation in the U.S. Its purpose is to engage directly with Brands to develop their digital marketing strategy including the production of Entertainment Media. Initially, Brands will not be required to pay for the creation of Entertainment Media up front, thereby making it more accessible to smaller Brands with limited budgets.

Once a Brand engages and contracts with SPO, SPO will work with the Brand to create Entertainment Media as part of an overall marketing program for the Brand. No Entertainment Media will be created unless specifically contracted by a Brand. The Entertainment Media will be created in various formats including 30 and 60 minute video segments which will be feature programs as well as videos as short as 2 minutes for Youtube and videos as short as 15 to 30 seconds for Facebook, Instagram, Twitter, Snapchat and Messenger. Links to the Brands and SponsorsCloud will be built into the content. Influencers will have no need to produce any content as SPO will create all Entertainment Media and provide the ability, through SponsorsCloud, to disseminate the Entertainment Media through existing social media distribution channels such as Amazon video, Netflix, Youtube, facebook, twitter, etc.

SPO will initially engage with Brands and produce short format Entertainment Media to determine whether such Brands garner significant social media interest to warrant the investment in the production of longer format Entertainment Media. SPO will initially commit to a set of services in order to get the Brand live within social media and on the SponsorsCloud platform.

Entertainment Media produced for the specialty food (“Specialty Food”) and fashion (“Fashion”) segments (“Verticals”) is planned with two different formats. The first format is a 30 min episode that features 5 Brands utilizing and entertain and educate format. Each Brand will get 5 minutes on in the episode and will mainly consist of introducing the Brand, their story, the product they make and how they make it. This 30-minute format is simply to introduce the Brand and test how the market responds to their story and their product. If a Brand gets significant attention in its 5 minute portion, SPO will launch that Brand in a 1 hour show that will be a more involved but will still follow the educate and entertain format. The 1-hour episode will feature the Brand explaining their back story in more detail on how it led to the product they are creating. The Brand will then present a complete product line to an advisory board that is made up of industry experts that will mentor the Brand in the show (hence education) all the way through to the launch and production of a product or product line. The goal of this show is to educate others on how to launch their business and succeed.

For the e-gaming (“E-Gaming”) sector the Entertainment Media is the live stream of the video gaming tournaments that are being played by finalists in a venue set up by SPO. Millions of viewers go on-line to watch eSports tournaments and play the same games from the tournaments. SPO is also considering an educate and entertain content model for E-Gaming featuring some of the gamers that are working their way to the top of the leader board as a way to build a community around the game.

SPO has production equipment consisting of: (i) an ATC 32’ trailer to haul its production equipment which was purchased in February, 2007; and (ii) a production rig consisting of a Haulmark Motorcoach which was acquired in March, 2011. Having its own production rig is expected to reduce the production costs associated with film and video for each of the Brands. Hotels, Airfare, food, travel, will be reduced for producing video content. The production rig is 100% allocated to the production of Entertainment Media and is only for business use related thereto. Prior to 2015, the production equipment was used to promote the MXM Nation brand, to provide race support and event marketing in Motocross. See “Equipment Loans” under “Use of Proceeds”.

Influencer Network Development and Influencer Engagement

Influencer Network Development includes building networks of Influencers for each Brand concurrently, and in conjunction with, the production of Entertainment Media. Development starts with SPO researching and identifying effective Influencers that may want to engage with the Brand. SPO will start with current followers of the Brand on their various social media outlets as well as engage with large Influencers, in conjunction with Brands, to drive their followers to the Brand. SPO will then distribute the Entertainment Media it has created for that particular Brand through various social media channels such as Amazon video, Netflix, Youtube, facebook, twitter, etc. Individuals that receive and view any such Entertainment Media, will have a link to direct them to the Brand within SponsorsCloud. Many Influencers with large followings are represented by agents and can be identified and contracted

with through those agencies. To date, no Influencers have been specifically identified in any Verticals. Influencer Network Development begins with short format Entertainment Media wherein SPO will assess the engagement levels, revenue generation, scalability of Influencer engagement and success of the Brand’s ecommerce store, all of which is integrated into SponsorsCloud. Depending on the success of initial engagements, the Brand may warrant inclusion in longer format Entertainment Media (30 or 60 minute video segments). An example would be to have the top 5 identified Influencers included in the content production of the Entertainment Media (as a food taster or Fashion judge). Such campaigns will vary by Brand and the creative team at SPO will determine the strategy in conjunction with the Brand. SPO will reach the Influencers through distribution of Entertainment Media by distributors (“Distributors”) such as Netflix, Amazon Prime Video, You Tube, Facebook as well as network and cable television that have high demand for media content. SPO is in discussions with numerous Distributors but has not yet entered into any definitive agreements. The Entertainment Media and reward incentives of SponsorCoin will entice the Influencer to connect to the Brand through SponsorsCloud. Large Influencers may be also be used to endorse Brands and encourage their social network to connect to the Brand directly. Once the initial connections are created, continuous campaigns are launched to create a viral effect to grow the Brand’s community. As of the date of this Prospectus, SPO has not identified or contracted with any specific Influencers.

Influencer Incentive Programs

Each Brand will have a portal within SponsorsCloud that allows Influencers to access the Brand’s e-commerce site (from within SponsorsCloud) to purchase Brand’s products using SponsorCoins at various product discount levels (“Levels”). The Brand will have their store on either Amazon or on the SponsorsCloud platform where the Shopify e-commerce platform is being integrated. If the Brand’s store is on Amazon, SPO generates a coupon code that is entered into the Amazon shopping cart to apply the discount and SponsorCoins to the sale. If the Brand is on the integrated ecommerce platform, the SponsorCoins and discount are fully integrated into the shopping cart and it’s a seamless process.

SponsorCoins are always issued to the Brand at a par value of \$0.10 per SponsorCoin (“Full Par Value”). SponsorsCloud awards the SponsorCoins to Influencers based on the Brands criteria associated with a specific Smart Campaign. For instance, a Smart Campaign that is launched for a charity may have a different set of reward criteria than a campaign to drive Brand product sales. SponsorsCloud allows Brands to specify 5 discount Levels, the Influencer can achieve through actions defined by the Brand. In this example, there are 3 variables a Brand can adjust to incent Influencers in a Smart Campaign: (i) the number of SponsorCoins awarded for a specified task; (ii) higher discounts on Brand’s products based on the Influencer’s Level; and (iii) par value of the SponsorCoins at the time of purchase of Brand Products (the “Deemed Par Value”).

When a Influencer connects to a Brand through the SponsorsCloud, they are provided specified actions to earn SponsorCoins, advance through Levels and obtain higher Deemed Par Value for their SponsorCoins. Each Brand can define their own criteria. An example Smart Campaign might look as follows:

Level	Discount on Brand’s Product	Brand Specified Actions	Number of SponsorCoins Earned (Full Par Value)	Deemed Par Value of SponsorCoins
1	10%	1 2 3	600 (\$6.00) 700 (\$7.00) <u>800 (\$8.00)</u> 2,100 (\$21.00)	50% of Full Par Value
2	20%	1 2 3	600 (\$6.00) 700 (\$7.00) <u>800 (\$8.00)</u> 2,100 (\$21.00)	60% of Full Par Value
3	30%	1 2 3	600 (\$6.00) 700 (\$7.00) <u>800 (\$8.00)</u>	70% of Full Par Value

			2,100 (\$21.00)	
4	40%	1 2 3	600 (\$6.00) 700 (\$7.00) <u>800 (\$8.00)</u> 2,100 (\$21.00)	80% of Full Par Value
5	50%	1 2 3	600 (\$6.00) 700 (\$7.00) <u>800 (\$8.00)</u> 2,100 (\$21.00)	Full Par Value

In the above example, an Influencer engaging a Brand, may want to purchase a \$400 product from that Brand. If the Influencer:

1. completed all activities in Level 1, and stopped, they would have earned 2,100 SponsorCoins (\$21.00), at 50% of Full Par Value, which would give them a \$10.50 credit at check out, plus a 10% product discount for a total cost of \$349.50 or a savings of \$50.50;
2. completed all activities up to Level 2, and stopped, they would have earned 4,200 SponsorCoins (\$42.00), at 60% of Full Par Value, which would give them a \$25.20 credit at check out, plus a 20% product discount for a total cost of \$294.80 or a savings of \$105.20;
3. completed all activities up to Level 3, and stopped, they would have earned 6,300 SponsorCoins (\$63.00), at 70% of Full Par Value, which would give them a \$44.10 credit at check out, plus a 30% product discount for a total cost of \$235.90, or a savings of \$164.10;
4. completed all activities up to Level 4, and stopped, they would have earned 8,400 SponsorCoins (\$84.00), at 80% of Full Par Value, which would give them a \$67.20 credit at check out, plus a 40% product discount for a total cost of \$172.80, or a savings of \$227.20; and
5. completed all activities up to Level 5, and stopped, they would have earned 10,500 SponsorCoins (\$105.00), at Full Par Value, which would give them a \$105.00 credit at check out, plus a 50% product discount for a total cost of \$95, or a savings of \$305.00.

Specified actions can be whatever the Brand specifies and might include writing a post, re-tweeting or liking on Facebook. The Smart Campaign allows SPO to identify the Influencers, and specific actions, which have the highest impact for the Brands they connect to. All of this data is available to SPO for their Data Analytics to improve future Smart Campaigns.

SponsorsCloud has a scoring system that monitors each Influencer's activity and scores their authentic engagement with the Entertainment Media, the Brand and with other Influencers. Artificial intelligence programming is applied to identify authentic versus non-authentic patterns to apply a scoring system. This scoring system also will drive the pricing of SponsorCoins allowing for dynamic pricing at the time of each transaction between the Brand and Influencer. SPO has a patent pending on this process for dynamically pricing SponsorCoins at the time of conducting a transaction. In the event an Influencer adds significant value to the campaign content that cannot be assessed by SponsorsCloud, the content will be placed into a remediation queue for the Brand to assess the reward to be granted. Testing has indicated that 98% of assessment is done automatically and 2% will need to be manually reviewed and assessed. When manual assessment is performed the system learns and can begin automatically assessing more complex conversations by the Influencer.

Revenue Model

Revenue will be recognized in four major categories: (i) shared revenue from Brands for sales of their products ("Marketing Revenue"); (ii) sponsorship revenue from Brand exposure by appearing in Entertainment Media ("Sponsorship Revenue"); (iii) compensation (or reimbursement) for the creation and production of Entertainment Media ("Production Revenue"); and (iv) revenue from Brands paying to access Data Analytics ("Data Analytics Revenue").

Marketing Revenue will be negotiated with Brands in conjunction with the design of the overall marketing campaigns, including the creation of Entertainment Media, performing Influencer Network Development and implementing Smart Campaigns. Many Brands have current sales resulting from their ongoing marketing efforts before engaging with

SPO. These marketing costs typically range from 15 to 25% of annual sales. SPO will negotiate with Brands for a percentage of sales which may include a smaller percentage for maintenance of existing sales levels, and a larger percentage for incremental sales. All of which will be tracked by establishing a baseline from the historical sales data from the Brands. These compensation levels will be negotiated on a case by case basis and need not be exclusive to online purchases through SponsorsCloud or other online sources such as the Brand's e-commerce site, Shopify or Amazon. Marketing Revenue will be designed as a percentage of revenue, or even of incremental revenue if tracked specifically on sales through SponsorsCloud which can be tracked through the functionality of Data Analytics. To the extent that Marketing Revenue is to be based on incremental sales outside of SponsorsCloud, SPO and the particular Brand will establish a historical baseline from the sales records of the Brand and establish audit and reporting mechanisms with the Brand to calculate incremental sales. The percentages earned will vary from Brand to Brand. SPO currently has no contracts in place for the generation of Marketing Revenue and any such revenue will be subject to the successful identification of interested Brands, negotiation of Marketing Revenue terms with such Brands, and the successful implementation of Smart Campaigns that are designed and implemented with such Brands. There can be no assurance that any such revenues will be realized by SPO. Marketing Revenue is subject to negotiation with Brands and will be dependent on the success of Brand sales. The timing and amount of Marketing Revenue which may be earned, if any, cannot be determined at this time.

Sponsorship Revenue is expected to be derived from large Brands that want placement within the Entertainment Media SPO produces. Any such Brands would be identified and contracted with prior to featuring that Brand's product in any Entertainment Media. An example is to place a car manufacturer in the content by driving up in a car from that particular Brand and ensuring it has a cameo in the content. Brands will pay a negotiated fee per episode for such a placement. SPO will negotiate with major Brands on a best efforts basis for each production block of Entertainment Media to earn revenue to offset the production costs. SPO currently has no contracts in place for the generation of Sponsorship Revenue and any such revenue will be subject to the successful identification of interested Brands and the negotiation of Sponsorship Revenue terms for the inclusion of such Brands in any Entertainment Media that SPO creates. SPO currently has no contracts in place for the creation of any Entertainment Media or for any Sponsorship Revenue and there can be no assurance that any such revenues will be realized by SPO. Sponsorship Revenue is subject to negotiation with Brands. The timing and amount of Sponsorship Revenue which may be earned, if any, cannot be determined at this time.

Production Revenue is revenue earned from Distributors who will use our Entertainment Media as content for their businesses. Initially, SPO will not be seeking for any Brands to pay upfront for the production of any Entertainment Media. SPO is in discussion with numerous Distributors but no contracts are in place to earn any Production Revenue at this time. However, some Distributors offer compensation to content providers based on viewer hours and some have bonus pools for discretionary distribution to top viewed content. In addition to Production Revenue that will be earned from viewer hours, management hopes to negotiate a significant distribution agreement with one major Distributor for each of the North American and International markets. SPO currently has no contracts in place for the generation of any Production Revenue and any such revenue will be subject to the successful creation of Entertainment Media and the successful negotiation of rights to disseminate such Entertainment Media as content and to be paid for viewer hours of such Entertainment Media. There can be no assurance that any such revenues will be realized by SPO. Production Revenue is subject to negotiation with Brands and Distributors and will be dependent on the viewership of Entertainment Media. The timing and amount of Production Revenue which may be earned, if any, cannot be determined at this time.

Data Analytics requires a minimum of 18 months of sales data in order to become useful, valuable information for prospective Brands. As such, SPO does not anticipate any Data Analytics Revenue for approximately 24 months after the Unit Offering Closing Date. Access to Data Analytics will be priced per seat and seat price will be based on the size of the community connected to the Brand (and therefore the amount of data available). SPO currently has no contracts in place for the generation of revenue from Data Analytics and any such revenue will be subject to the successful implementation of SPO's business model to generate data and ultimately harvest and analyze such data in a manner that would prove valuable to Brands. There can be no assurance that any such revenues will be realized by SPO. Revenue from Data Analytics is subject to negotiation with Brands and will be dependent on their perceived value of the Data Analytics. The timing and amount of revenue from Data Analytics which may be earned, if any, cannot be determined at this time.

Production of Entertainment Media in the e-gaming (“E-Gaming”) market segment (“Vertical”) will be the first Vertical the Corporation intends to pursue once financing permits with production expected to take approximately 4 weeks once commenced. No revenue is expected from ticket sales for E-Gaming. Sponsorship Revenue would commence upon production if SPO is successful in negotiating placement of Brand products in the Entertainment Media to be produced for E-Gaming. Production Revenue would commence immediately upon completion of the production of Entertainment Media if SPO is successful in negotiating compensation from Distributors for use of the E-Gaming Entertainment Media. Marketing Revenue would commence as soon as Entertainment Media begins being distributed through SponsorsCloud if SPO is successful in negotiating with E-Gaming Brands for a share of revenue derived from the sale of that Brand’s product(s). E-Gaming will be the first Vertical launch for SPO. Subject to available funds, subsequent tournaments will be staged and may be staged regionally in the United States and/or Canada. SPO currently has no contracts in place for any Sponsorship Revenue, Production Revenue or Marketing Revenue within the E-Gaming Vertical. Data Analytics Revenue is not expected within any Vertical for 24 months. The timing and amount of such revenues, if any, cannot be determined at this time.

The Specialty Food Vertical will be the second Vertical to be launched once funding permits. In this Vertical, SPO did a casting call for a 3 minute show, that it intends to negotiate a launch for on one of the large Distributors, and over 1,000 Brands showed up to be interviewed. Assuming completion of the Maximum Unit Offering, we have narrowed the selection down to 15 Specialty Food Brands to start filming and will complete further interviews until 100 Brands are selected. Production of Entertainment Media is expected to take approximately 6 weeks once commenced. Sponsorship Revenue would commence upon production of Entertainment Media. Production Revenue would commence immediately upon completion of the production of Entertainment Media. Marketing Revenue would commence as soon as Entertainment Media begins being distributed through SponsorsCloud. SPO currently has no contracts in place for any Sponsorship Revenue, Production Revenue or Marketing Revenue within the Specialty Food Vertical. Data Analytics Revenue is not expected within any Vertical for 24 months. The timing and amount of such revenues, if any, cannot be determined at this time.

The Fashion Vertical will be the third Vertical to be launched once funding permits. SPO has one Fashion customer which has been collaborating and testing with SPO for 2 years. In this Vertical, SPO has identified 10 similar and complementary Fashion Brands which will form the advisory board for a Fashion show which will be produced as Entertainment Media for use within that Vertical. Each of the 10 Fashion Brands were then asked to introduce 10 additional Fashion Brands resulting in 100 Fashion Brands to be interviewed and selected to come on to the SponsorsCloud. Production of Entertainment Media is expected to take approximately 6 weeks from commencement. Sponsorship Revenue would commence upon production of Entertainment Media. Production Revenue would commence immediately upon completion of the production of Entertainment Media. Marketing Revenue would commence as soon as Entertainment Media begins being distributed through SponsorsCloud. SPO currently has no contracts in place for any Sponsorship Revenue, Production Revenue or Marketing Revenue within the Fashion Vertical. Data Analytics Revenue is not expected within any Vertical for 24 months. The timing and amount of such revenues, if any, cannot be determined at this time.

All Entertainment Media will be integrated into SponsorsCloud and ready for distribution by Influencers in time for distribution. All Entertainment Media will meet the criteria for inclusion in any, or potentially and eventually all Distributors as either short-form content or as traditional one-half hour or one-hour episodes. Distributors include but not limited to Netflix, Amazon Prime Video, You Tube, Facebook as well as network and cable television. It is also intended that all produced entertainment content be formatted in ways that allow for worldwide distribution using established North American and International Distributors. The production of all Entertainment Media for the launch in the Specialty Food Vertical will be created by external consultants, and overseen by Guy Zajonc for the Corporation. No additional employees are required any such launches. SPO expects this process to continue in multiple Verticals with multiple Brands as cash flow permits the production of Entertainment Media.

Management of SponsorCoin

SponsorCoin is a proprietary architecture specifically designed for operation within SponsorsCloud to utilize social media and to monetization the authentic interaction of Influencers with Entertainment Media pertaining to Brands.

SPO is not performing an initial coin offering to the general marketplace and SponsorCoins will only operate within SponsorsCloud unless exchanged into other existing crypto-currencies.

At the start of each marketing campaign for a Brand, SPO will create and issue SponsorCoins, at no cost to the Brand, at an initial deemed price of \$0.10, with the total number issued typically equal to 5% of estimated sales of Brand products. For example, if a Brand believes that a product campaign should produce \$1,000,000 in sales, SPO would target \$50,000 worth of SponsorCoins. As more SponsorCoins issue within campaigns and are earned by Influencers, these SponsorCoins will move throughout SponsorsCloud as the base currency for trade between Brands and Influencers. Initially SPO issues the SponsorCoin into a Smart Campaign on behalf of the Brand. The Influencer earns these SponsorCoins and then uses them to purchase Brand product. The SponsorCoin at the time of purchase moves back to the Brand for reuse into a new Smart Campaign. If a Brand does not have enough SponsorCoins for their next Smart Campaign then SPO will issue new SponsorCoins. At some point the issuance of new SponsorCoins will slow as the supply will be used to support payments to Influencers and the payments for Brand product. SPO has built in controls that manage the amount of SponsorCoins redeemed by SPO in exchange for certain transactions within the system thereby redeeming SponsorCoins back to the SponsorsBank. Every time there is a trade, SPO will redeem a certain amount of SponsorCoins from the Brand, thus reducing the supply of SponsorCoins circulating in the system. SPO has the ability to change these redemption amounts to adjust the supply of SponsorCoins in circulation. The supply and demand system has been modeled similar to a country's central bank issuing currency and the associated deflationary results from over printing currency. . SponsorsCloud has the functionality to redeem SponsorCoins back to SPO on a per transaction basis. SPO issues all SponsorCoins at a deemed value of \$0.10 per SponsorCoin but does not charge any Brand or Influencer for any SponsorCoins at any time. SponsorCoins are created per Brand campaign. These "fees" are not cash fees and do not generate any revenue for SPO but are a way of redeeming SponsorCoins back to SPO to reduce the float within SponsorsCloud. All transaction types have an associated SponsorCoin cost that SPO can adjust depending on supply and demand. This model has been built based on economic theories of money supply, deflation and inflationary factors against a single currency. SPO has the ability to adjust SponsorCoin cost for each Brand campaign to increase or reduce the float of SponsorCoins.

As a future offering, which SPO anticipates will take up to 24 months to implement, SponsorsCloud will have a US\$0.01 bid in the market to exchange SponsorCoins for cash (a "Cash Redemption") which will cost SPO 10% of the par value of the SponsorCoins. This will be accomplished by maintaining a cash reserve on the balance sheet from sales. Once implemented, the user will be able to hit the bid for cash and SPO can transfer money to user's Paypal account. SPO will maintain a 10% cash reserve in USD from sales against the issued SponsorCoin.

SponsorCoins are not a true crypto-currency as they only operate within SponsorsCloud unless there is a Cash Redemption, in which case, they are retired. SponsorCoins will not be available to trade on any crypto-currency exchanges and SPO has no intention of developing or operating its own crypto-currency exchange. Once Cash Redemption becomes operational, SponsorsCloud will develop integration with select, existing, crypto-currency exchanges to facilitate the exchange of SponsorCoins into other crypto-currencies. In effect, the user will be completing a Cash Redemption, and rather than withdrawing this cash, the user will be able to access integrated crypto-currency exchanges directly through SponsorsCloud to move their funds to that exchange. Once funds are moved out of SponsorsCloud, they are governed by the particular exchange where they reside. SponsorsCloud will no longer have any access to, or responsibility for such funds and has no security protocols in place to protect against risk of theft or loss from such exchanges. If a user wishes to exchange SponsorCoins to a crypto-currency, it will cost SPO 10% of the par value of the SponsorCoin which is equal to \$0.01 per SponsorCoin, just as would occur for a Cash Redemption. No fees will be charged by SPO for any cash from the conversion of SponsorCoins being moved to any crypto-currency exchanges but such exchanges may pay origination fees to SPO for any new accounts which are opened to facilitate such transfers. No such agreements are in place and any such fees, if any, will be negotiated on a case by case basis with particular crypto-currency exchanges being integrated into SponsorsCloud. The user will be required to have opened an account with an approved crypto-exchange prior to any such transaction. SPO will maintain a reserve of capital to ensure the redemption process can be supported with cash when a conversion is requested. The redemption of SponsorCoin back to SPO will take the SponsorCoin out of the market and SPO will send cash to the account holders Cryptocurrency account at an approved exchange. SPO has developed the API into the SponsorCoin wallet that allow for Crypto-Exchange integration. Discussion ensues with various crypto-currency exchanges for this integration but no contracts have been executed to proceed with such integration. Once the user redeems their SponsorCoin and moves off to an external Crypto-Exchange, SPO no longer controls the security outside the SponsorsCloud. This \$0.01 is the currency backing the SponsorCoins so the conversion to BitCoin and AltCoins is simple and based on the integrated exchanges current Bid/Ask on the desired cryptocurrency. Being real time the trade can be executed at the click of a button from the SponsorsCloud and the cash transfer will happen in the background through Bank to Bank money transfers. A portion of the SPO cash reserve will be used to establish a line

of credit with the exchanges bank in order to execute immediately while the cash transfer occurs and may take 24 hours to settle.

SponsorCoin integration will only be facilitated with crypto-currency exchanges that have fully complied with governing laws of applicable jurisdictions, including without limitation FINTRAC compliance and having implemented “know your client”, anti-money laundering and counter terrorist financing policies. The integration of the SponsorCoin wallet with a crypto-currency exchange is part of the Technology Development Phase I. However, Cash Redemption, and therefore integration with crypto-currency exchanges, will not be active on SponsorsCloud for approximately 24 months after the commercial launch of SponsorsCloud. The integration with an external crypto-currency exchange will include a real time pricing feed allowing the SponsorCoin wallet to perform real time conversion pricing against the SponsorCoin. While the functionality for Cash Redemption and integration with crypto-currency exchanges is being built into SponsorsCloud as part of Technology Development Phase I, any such transaction will require regulatory compliance with FINTRAC. SPO will not make this functionality live on SponsorsCloud until such time as the volume of transactions warrant taking the regulatory steps necessary to comply with FINTRAC.

Influencers are always incentivized to spend their SponsorCoins on Brands rather than selling to SPO for cash or converting to a crypto-currency. Using SponsorCoins to purchase Brand’s products could be done at \$0.10 plus whatever discounts the Influencer has earned whereas selling to SPO or converting to a crypto-currency is done at \$0.01. In addition, purchasing products from Brands using SponsorCoins is, in and of itself, an activity that is rewarded towards earning more SponsorCoins and attaining higher discount Levels.

Influencers can gift their SponsorCoins to other users within SponsorsCloud or donate to charities which can use the SponsorCoins to purchase food and clothing for their cause from participating Brands on the system. Helping out charities that participate on the SponsorsCloud can increase a Influencer’s desirability with Brands and be rewarded advancement through Levels.

Once the functionality is available, if the Influencer attempts to earn SponsorCoins with the attempt to only redeem at \$0.01, their social capital score will be extremely low and their rewards minimal. Unless they authentically engage with the Brands and buy products, their earning ability is minimal and therefore, their ability to buy other currencies will also be minimal.

The management team and development teams have been involved with cryptocurrencies since 2011 when the first BitCoins were launched. Management have built and operated the code base for a crypto-exchange all done in the lab to understand the inner workings and in 2013 did a full assessment on utilizing the block chain distributed ledger and smart contract technologies against a centralized proprietary system. The management and development team has been involved with the block chain evolution since the launch of BitCoin.

Security

Online platforms use ledgers for tracking all accounts and financial transactions. The general ledger is the backbone of any accounting system which holds financial and non-financial data for an organization. The collection of all accounts is known as the general ledger. Ledgers can either be centralized or distributed, each having advantages and disadvantages.

SponsorsCloud uses a centralized ledger due to the speed advantage which has been proven through testing to transact which SponsorsOne tested at a minimum of 100,000 transactions per second with test speeds up to 1,000,000 per second. This compares with speeds for distributed ledgers than can run between 100 to 500 transactions per second. Distributed ledgers provide more data and transactional control to the end user (and less to the owner) which is another reason SPO chose centralized architecture. Distributed ledgers can have security advantages because there is no central point of failure. For security, SponsorsCloud deploys an advanced rules based security policy system that protects data at the individual data element basis. Right now, systems platform deploy only at the infrastructure basis with firewalls and mass encryption which can be easily hacked. By securing each individual data element by user, polices will be maintained at the data level to ensure all usage of data conforms to the policy set by SPO’s security team and the individual user on the system (Brands and Influencers). This level of security is akin to a smart contract on each data element and is representative of the next generation of security. SponsorsCloud is also investigating fraud and audit systems to monitor transactions and would allow SPO to easily reverse SponsorCoin awards and usage. These

audit systems run advanced algorithms on pattern and deep learning such improper usage can be detected, reversed and users can be locked out. There are no immediate plans to implement any such fraud and audit system as SPO feels its current infrastructure design offers more than adequate protections.

Privacy Protection

Use of all information by SPO is approved in advance by all Brands and Influencers. Further the Influencer grants approval to their social media before any information is gathered. All use policies will be agreed in advance and all usage of data will be reported directly to the user within SponsorsCloud to document all rewards and expenditures of SponsorCoins. The payment of SponsorCoins compensates Influencers for both their Influencer Engagement and for the data associated with the earning and use of the SponsorCoin. This data forms a large part of the Data Analytics component of the overall business model of SPO.

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 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 2018	0.305	0.17	491,793
May 2018	0.205	0.19	372,690
June 2018	0.22	0.205	460,860
July 1 - 12, 2018	0.22	0.21	10,500

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@sponsorsone.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.sponsorsone.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.