Vogogo Inc.

Consolidated Financial Statements

(in Canadian dollars)

For the years ended December 31, 2015 and 2014

Management's Responsibility

To the Shareholders of Vogogo Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board, through the Audit Committee, is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board also has the responsibility of recommending the appointment of the Corporation’s external auditors and to meet with the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues.

Collins Barrow Calgary LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 26, 2016

(signed) "*Geoff Gordon*"	(signed) "*Tom Wenz*"
Chief Executive Officer	Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Vogogo Inc.

We have audited the accompanying consolidated financial statements of Vogogo Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flows for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vogogo Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014, and their financial performance and their cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 2(c) to the consolidated financial statements which describes conditions that indicate the existence of a material uncertainty that may cast significant doubt upon the Corporation's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Collins Barrow Calgary LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
April 26, 2016

	December 31 2015 $	December 31 2014 $
ASSETS		
Current assets:		
Cash and cash equivalents	**10,489,615**	6,519,384
Cash held in trust (note 9)	**1,888,008**	611,080
Trade and other receivables	**60,442**	-
Notes receivable (note 18(b))	**157,500**	153,000
Prepaid expenses and deposits	**28,213**	16,277
	12,623,778	7,299,741
Non-current assets:		
Property and equipment (note 8)	**9,465**	14,562
Intangible assets (note 7)	**3,009,917**	-
Long-term investment	**145,000**	145,000
	3,164,382	159,562
Total assets	**15,788,160**	7,459,303
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Trade and other payables (note 10)	**710,120**	704,206
Trust liabilities (note 9)	**1,888,008**	611,080
Contingent consideration payable (note 7)	**2,597,160**	-
Total liabilities	**5,195,288**	1,315,286
Shareholders' Equity		
Share capital (note 14)	**30,944,778**	14,934,913
Warrants (note 15)	**550,364**	1,196,919
Contributed surplus (note 15)	**2,347,555**	1,117,616
Accumulated other comprehensive income	**17,561**	-
Deficit	**(23,267,386)**	(11,105,431)
Total shareholders' equity	**10,592,872**	6,144,017
Total liabilities and shareholders' equity	**15,788,160**	7,459,303

Going concern (note 2(c))
Commitments and contingencies (note 19)
Subsequent events (notes 14 and 23)

Approved on behalf of the Board

(signed) "*Dale Johnson*"
Chairman and Director

(signed) "*Geoff Gordon*"
Chief Executive Officer and Director

The accompanying notes are an integral part of the consolidated financial statements.

	December 31 2015 $	December 31 2014 $
REVENUE	**142,195**	216,600
EXPENSES		
General and administrative (note 18(a))	**3,151,364**	2,620,823
Sales and marketing	**1,559,967**	1,056,021
Development and operations	**3,798,355**	1,331,780
Stock-based compensation (notes 7, 15 and 16)	**2,888,082**	2,579,934
Reverse acquisition costs (note 6(i))	**-**	373,304
Listing costs (note 6(i))	**-**	930,852
Amortization – property and equipment (note 8)	**5,097**	9,689
Amortization – intangible assets (note 7)	**859,976**	-
	12,262,841	8,902,403
Loss from operations	**(12,120,646)**	(8,685,803)
Foreign exchange gain (loss)	**18,420**	(3,511)
Accretion (note 11)	**-**	(282,169)
Change in fair value of contingent consideration payable (note 7)	**(99,948)**	-
Interest income (expense), net (note 17)	**40,219**	(9,178)
Net loss	**(12,161,955)**	(8,980,661)
OTHER COMPREHENSIVE INCOME		
Exchange gain on translation of foreign operations	**17,561**	-
Comprehensive loss	**(12,144,394)**	(8,980,661)
Loss per share – basic and diluted (note 14)	**(0.27)**	(0.33)

The accompanying notes are an integral part of the consolidated financial statements.

	Share Capital $	Convertible Debentures - Equity Portion $	Warrants $	Contributed Surplus $	Accumulated Other Comprehensive Income $	Deficit $	Total $
Balance, December 31, 2013	**1,161,164**	**15,464**	**-**	**-**	**-**	**(1,802,586)**	**(625,958)**
Issuance of shares (note 14)	693,000	-	-	-	-	-	693,000
Equity portion of convertible debentures (note 14)	-	316,435	-	-	-	-	316,435
Issuance of shares on conversion of debentures (note 14)	2,588,814	(227,700)	-	-	-	-	2,361,114
Share-based compensation (notes 15 and 16)	-	-	-	2,579,934	-	-	2,579,934
Exercise of stock options (notes 14 and 16)	1,887,188	-	-	(1,519,463)	-	-	367,725
Issuance of units (notes 14 and 16)	54,338	-	95,662	-	-	-	150,000
Exercise of warrants (notes 14 and 16)	702,731	-	(202,660)	-	-	-	500,071
Issuance of agents warrants (notes 11 and 16)	-	(96,471)	964,709	-	-	-	868,238
Transfer of equity portion of convertible debentures on repayment (note 11)	-	(7,728)	-	7,728	-	-	-
Repurchase of shares (note 14)	(397,816)	-	-	-	-	(322,184)	(720,000)
Reverse acquisition (note 6(i))	930,000	-	-	49,417	-	-	979,417
Repurchase of shares on acquisition of Limitless (notes 6(ii) and 14)	(40,163)	-	-	-	-	-	(40,163)
Issuance of finders warrants (notes 14 and 16)	(339,208)	-	339,208	-	-	-	-
Issuance of shares on brokered and non brokered private placements, net of issue costs (note 14)	7,694,865	-	-	-	-	-	7,694,865
Net loss and comprehensive loss	-	-	-	-	-	(8,980,661)	(8,980,661)
Balance, December 31, 2014	**14,934,913**	**-**	**1,196,919**	**1,117,616**	**-**	**(11,105,431)**	**6,144,017**
Issuance of shares related to acquisition of Vanado Inc. (notes 87(a) and 14)	**1,006,720**	**-**	**-**	**-**	**-**	**-**	**1,006,720**
Issuance of shares on acquisition of Mevia Inc. (notes 7(b) and 14)	**1,650,000**	**-**	**-**	**-**	**-**	**-**	**1,650,000**
Share-based compensation (notes 15 and 16)	**-**	**-**	**-**	**1,604,043**	**-**	**-**	**1,604,043**
Exercise of stock options (notes 14 and 16)	**831,152**	**-**	**-**	**(374,104)**	**-**	**-**	**457,048**
Exercise of stock warrants (notes14 and 16)	**1,259,269**	**-**	**(646,555)**	**-**	**-**	**-**	**612,714**
Issuance of shares through short form prospectus, net of issue costs (note 14)	**11,262,724**	**-**	**-**	**-**	**-**	**-**	**11,262,724**
Net loss and comprehensive loss	**-**	**-**	**-**	**-**	**17,561**	**(12,161,955)**	**(12,144,394)**
Balance, December 31, 2015	**30,944,778**	**-**	**550,364**	**2,347,555**	**17,561**	**(23,267,386)**	**10,592,872**

The accompanying notes are an integral part of the consolidated financial statements.

	December 31 2015 $	December 31 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**(12,161,955)**	(8,980,661)
Add back (deduct) items not involving cash:		
Amortization – property and equipment (note 8)	**5,097**	9,689
Amortization – intangible assets (note 7)	**859,976**	-
Accretion (note 11)	**-**	282,169
Listing costs (note 6(i))	**-**	930,852
Foreign exchange loss (gain)	**(97,336)**	-
Interest on royalty financing (note 12)	**-**	11,508
Stock-based compensation and non-cash commission expenses (notes 14 and 16)	**2,988,030**	2,794,934
	(8,406,188)	(4,951,509)
Changes in non-cash working capital items:		
Trade and other receivables	**(59,032)**	17,221
Notes receivable (note 18(b))	**(4,500)**	(153,000)
Prepaid expenses and deposits	**(11,936)**	(2,513)
Trade and other payables	**(32,288)**	203,962
	(107,756)	65,670
Net cash used in operating activities	**(8,513,944)**	(4,885,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of royalty financing (note 12)	**-**	(229,700)
Proceeds from the issuance of convertible debentures (note 11)	**-**	3,164,345
Repayment of convertible debentures (note 11)	**-**	(100,000)
Repurchase of shares (note 14)	**-**	(760,163)
Proceeds from the issuance of shares, net of share issue costs (note 14)	**11,262,724**	8,172,865
Proceeds from exercise of stock options (note 14)	**457,048**	367,725
Proceeds from exercise of warrants (note 14)	**612,714**	500,071
Proceeds from exercise of units (note 14)	**-**	150,000
Cash acquired on reverse acquisition (note 6(i))	**-**	47,858
Net cash generated by financing activities	**12,332,486**	11,313,001
Effect of changes in foreign exchange rates on cash held in foreign currencies	**151,689**	-
Net increase in cash and cash equivalents for the year	**3,970,231**	6,427,162
Cash and cash equivalents, beginning of the year	**6,519,384**	92,222
Cash and cash equivalents, end of the year	**10,489,615**	6,519,384
Supplemental cash flow information:		
Interest paid	**34,441**	43,041

	2015	2014
Cash and cash equivalents consists of the following:		
Cash held in banks	**$1,939,616**	$6,519,384
Guaranteed investment certificates (note 3(b))	**8,549,999**	-
	$10,489,615	$6,519,384

1. NATURE OF OPERATIONS

Vogogo Inc. (the "Corporation" or "Vogogo"), formerly Southtech Capital Corporation ("Southtech"), provides payment processing and related transaction risk services. Vogogo Canada Inc. was incorporated under the *Business Corporations Act* (Alberta) on July 26, 2010 and is a wholly-owned subsidiary of the Corporation. In addition, on August 13, 2012 the Corporation incorporated Vogogo USA Inc., a wholly-owned subsidiary and Delaware company and on October 1, 2014 the Corporation incorporated Vogogo EU Ltd, a wholly-owned subsidiary registered under the laws of United Kingdom. On January 1, 2015 the Corporation acquired all the issued and outstanding shares of Vanado Inc. a Colorado company. The Corporation develops software that administers multiple electronic payments including card payments, pre-authorized debit, direct deposit, peer-to-peer and online banking payments for the US, UK and Canadian markets. The head office is located at 400, 320 – 23rd Avenue SW, Calgary, Alberta, Canada, T2S 0J2.

Southtech was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on April 21, 2011 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The principle business of Southtech was to identify and evaluate potential acquisitions or businesses ("Qualifying Transaction") and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory and, if required, shareholders' approval.

On September 11, 2014, Southtech completed its Qualifying Transaction which was effected pursuant to an agreement between Southtech and Redfall Technologies Inc. ("Redfall"). Pursuant to the agreement, Southtech and Redfall completed a business combination by way of an amalgamation. The former shareholders of Redfall received one fully paid share in the new amalgamated company for every one share held in Redfall and the former shareholders of Southtech received one fully paid share in the new amalgamated company for every five shares held in Southtech. The new amalgamated company changed its name to Vogogo Inc.

Upon closing of the transaction, the shareholders of Redfall owned 95.62% of the common shares of Vogogo and as result, the transaction is a reverse acquisition of Southtech by Redfall. For accounting purposes, Redfall is considered the acquirer and Southtech the acquiree. Accordingly, the consolidated financial statements are in the name of Vogogo Inc. (formerly Southtech), however are a continuation of the financial statements of Redfall. Additional information on the transaction is disclosed in note 6(i).

The shares of Vogogo are traded on the TSX Venture Exchange under the symbol VGO.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Board of Directors on April 26, 2016.

(b) Basis of measurement and preparation

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The consolidated financial statements have been prepared under the historical cost basis, except as noted in note 3(h).

General and administrative, sales and marketing, and development and operations expenses are presented on a functional basis. Stock-based compensation, reverse acquisition costs, listing costs and amortization are presented on a separate line by their nature. Significant expenses such as personnel expenses are presented by their nature in the notes to the consolidated financial statements.

2. BASIS OF PRESENTATION *(continued)*

(c) Going concern

These consolidated financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of a material uncertainty related to events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern. As at December 31, 2015, the Corporation has cash and cash equivalents of $10,489,615 (2014 - $6,519,384) and has a positive net working capital position of $7,428,490 (2014 - $5,984,455). However, the Corporation has an accumulated deficit of $23,267,386 (2014 - $11,105,431) as at December 31, 2015 and incurred a net loss during the year ended December 31, 2015 of $12,161,955 (2014 - $8,980,661). The Corporation has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to December 31, 2015 is uncertain.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Corporation and Vogogo Canada Inc. The functional currency of Vogogo USA Inc. and Vanado Inc. is U.S. dollars ("USD") and the functional currency of Vogogo EU Ltd. is British Pounds ("GBP").

(e) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated in these consolidated financial statements. Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases. The accounting policies of the subsidiaries are consistent with the policies adopted by the Corporation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Business combinations

Business combinations are accounted for using the acquisition method where the acquisitions of companies and assets meet the definition of a business under IFRS. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Contingent consideration is included in the purchase price at fair value at the date of acquisition based on the likelihood of the consideration being ultimately paid and the expected timing of the payment. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Following initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a bargain purchase gain in profit or loss. Associated transaction costs are expensed when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Cash and cash equivalents

Cash and cash equivalents consist of amounts held in current bank accounts and highly liquid short-term investments, including those with maturities of less than three months. As at December 31, 2015, the Corporation held guaranteed investment certificates of $8,549,999 (2014 - $NIL) bearing interest at 0.88% and maturing in June 2016.

(c) Revenue recognition

The Corporation generates revenue through transaction fees on payment processing and fees from transaction risk services. In all cases, revenues generated in the normal course of business are measured at the fair value of the consideration received or receivable. Transaction fee revenues are recognized upon completion of the payment transaction. Risk platform revenues are recognized on a straight-line basis over the term of the services provided. Rebates and similar deductions are deducted from revenues.

Interest income is recognized as it accrues in the consolidated statement of loss and comprehensive loss using the effective interest rate method.

(d) Research and development

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Corporation's development group, are capitalized as intangible assets when the Corporation can demonstrate that the technical feasibility of the project has been established; the Corporation intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Corporation can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. These costs are amortized on a straight-line basis over the estimated useful life of three years. The Corporation did not have any development costs that met the capitalization criteria for the years ended December 31, 2015 or 2014.

(e) Property and equipment

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses, if any. Repair and maintenance costs are recognized in profit or loss as incurred.

Amortization is recognized in profit or loss over the estimated useful lives of property and equipment and is calculated using the depreciable amount, which is the cost of an asset less its residual value.

Property and equipment are amortized over their estimated useful lives at the following rates and methods:

	Rates	Methods
Computer equipment	45% to 55%	Declining balance
Furniture and fixtures	20%	Declining balance
Leasehold improvements	20%	Declining balance

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if there is a change in any underlying estimates.

Gains or losses arising from the de-recognition of an item of property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is de-recognized.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Intangible assets

Intangible assets consist of risk management software. Intangible assets purchased or acquired as part of a business combination are recorded at fair value at the acquisition date provided that they meet the criteria for recognition as explained in research and development note 3(c) and subsequently at their initial fair values less accumulated amortization and impairment. The fair value of a group of intangible assets acquired in a business combination that meet the specified criteria for recognition is allocated to the individual assets acquired based on their fair values at the time of acquisition. Amortization methods and useful lives are reviewed at each fiscal year end and adjusted if appropriate. Intangible assets are amortized on a straight-line basis over 3 years.

(g) Leases

Leases are classified as either finance or operating leases. Leases that effectively transfer substantially all of the risks and rewards of ownership to the Corporation are finance leases and are accounted for as an acquisition of an asset and an assumption of an obligation at the inception of the lease, measured at the lower of the fair value or the present value of the minimum lease payments. Obligations recorded under finance leases are reduced by the lease payments, net of imputed interest. All other leases are accounted for as operating leases and rental payments are recorded as expenses on a straight-line basis over the term of the related lease.

(h) Foreign currency translation

Foreign currency transactions are initially recorded in the individual company's functional currency at the transaction date exchange rate. At period-end, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the period-end exchange rate. All foreign currency gains or losses are recognized in profit or loss.

Financial statements of subsidiaries for which the functional currency is not the presentation currency are translated into Canadian dollars at each reporting period. All asset and liability accounts are translated at the period-end exchange rate and all revenue and expense accounts items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in Other Comprehensive Income (OCI), a component of equity.

(i) Financial instruments

The Corporation aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized.

All financial assets except those measured at “fair value through profit or loss” are subject to review for impairment annually and written down when there is evidence of impairment based on certain specific criteria as detailed further on.

Financial assets and financial liabilities classified as "fair value through profit or loss" are either classified as "held for trading" or "designated at fair value through profit or loss" and are measured at fair value, with changes in fair value recognized in the statement of loss and comprehensive loss. Transaction costs are expensed when incurred. The Corporation has designated cash and cash equivalents and cash held in trust as "held for trading".

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets when they will be realized within 12 months of the reporting date, otherwise they are classified as non-current. The Corporation includes trade and other receivables, deposits and notes receivable in this category.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The financial instruments included in this category are initially recognized at fair value plus transaction costs and subsequent measurement is at amortized cost.

Financial assets are de-recognized only when the contractual rights to the cash flows from the asset expire.

(ii) Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Investments in equity instruments classified as available-for-sale are measured at cost when there is no quoted price in an active market and fair value cannot be reliably measured. The Corporation includes long-term investment in this category. The long-term investment is comprised of shares in a private company and is measured at cost.

(iii) Other financial liabilities

The financial instruments included in this category are initially recognized at fair value less transaction costs and subsequent measurement is at amortized cost. They are classified as current liabilities when they are payable within twelve months of the reporting date, otherwise they are classified as non-current. The Corporation includes trade and other payables, trust liabilities and contingent consideration payable in this category.

The Corporation derecognizes these liabilities when its obligation is discharged or replaced by a new liability with substantially modified terms.

(iv) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Common shares, options and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, options and warrants are recognized as a deduction from equity.

(j) Share-based compensation

The Corporation uses the fair value method for valuing share-based compensation. Under this method, the compensation cost attributed to stock options and warrants granted is measured at the fair value at the grant date using the Black-Scholes model. Compensation cost for options is expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the settlement of the stock options the previously recognized value in contributed surplus is recorded as an increase to share capital.

The Corporation measures share-based payments to non-employees at the date of receipt of the goods or services. If the fair value of the goods or services cannot be measured reliably, the value of the options or warrants granted based on the Black-Scholes model will be used.

(k) Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The periodic unwinding of the discount is recognized in profit or loss as a finance cost as it is occurs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliability.

In assessing impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying value and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance against receivables.

(ii) Non-financial assets

Management assesses the carrying value of property and equipment and intangible assets at each reporting date for indications of impairment. Indications of impairment include an ongoing lack of profitability, significant change in technology, loss of a significant customer as well as economic circumstances. When an indication of impairment is present, a test for impairment is carried out by comparing whether the carrying value of the asset exceeds the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal are based on an estimate of the price the Corporation would receive upon the sale of the asset in an orderly transaction under current market conditions. For the purpose of impairment testing, cash-generating units ("CGUs") are assets that cannot be tested individually but are grouped together into the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Taxation and tax credits

The income tax provision includes current and deferred tax. This expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income or equity. In these specific cases, the income tax expense is recognized in other comprehensive income or equity, respectively.

Deferred taxes are accounted for using the liability method. Under this approach, deferred tax assets and liabilities are determined based on the differences between the carrying amounts and the tax bases of assets and liabilities and are measured using the enacted or substantively enacted tax rates and laws.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable there will be sufficient taxable profits against which to utilize the benefits in the future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Income tax receivables and payables are obligations or claims for the current and prior periods to be paid to (or recovered from) taxation authorities that are still outstanding at the end of the reporting period. Current tax is computed on the basis of tax profit which differs from net profit. This calculation was made using tax rates and laws which are enacted or substantively enacted at the end of the reporting period.

Tax credits, including research and development tax credits, are not recognized until there is reasonable assurance that the Corporation will meet the eligibility criteria of the credits and that they will be received. Tax credits are recognized as a deduction to the related expenses.

(n) Compound financial instruments

The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the issuance date, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability based on amortized cost until the instrument is converted or matures. The equity component is determined by deducting the liability component from the total fair value of the compound instrument and is recognized as equity, net of income tax effects, with no subsequent re-measurement.

(o) Fair value measurement

A number of the Corporation's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining the fair values is disclosed in the notes specific to that asset or liability.

The Corporation classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The fair values of cash and cash equivalents and cash held in trust are based on Level 1 inputs, and the fair value of the contingent consideration payable is based on Level 3 inputs.

(p) Per share amounts

Basic per share amounts are calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments. The Corporation computes the dilutive impact of common shares assuming the proceeds received from the pro forma exercise of in-the-money share options and warrants are used to purchase common shares at average market prices.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets, liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its consolidated financial statements.

(a) Areas of judgment

(i) Impairment tests

Management exercises judgment to determine whether there are factors that would indicate that an asset or a CGU is impaired. Factors considered include whether an active market exists for the output produced by the asset or group of assets, estimates of future revenues and costs, discount rates and other relevant assumptions.

(ii) Business combinations

Determining whether an acquisition should be accounted for as a business combination or represents an asset purchase requires judgment on a case by case basis, depending on management's assessment as to whether the acquisition meets the definition of a business.

(iii) Going concern

Determining if the Corporation has the ability to continue as a going concern is dependent on its ability to raise additional financing and to achieve profitable operations. Certain judgments are made when determining if the Corporation will be able to continue as a going concern. Further disclosure is included in note 2(c).

(b) Assumptions and critical estimates

(i) Stock-based compensation and warrants

The amounts recorded relating to fair value of stock options and warrants are based on estimates of future volatility in the Corporation's share price, expected lives of options and warrants, the risk-free interest rate, and other relevant assumptions. Volatility is estimated based on the average price volatility of common shares of a comparative group of companies over the preceding period equaling the expected lives of the Corporation's options and warrants.

(ii) Impairment of property and equipment and intangible assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less disposal costs and its value in use. The fair value less disposal costs estimate is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use estimate is based on a discounted cash flow model. The cash flows are derived from the projection for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the performance of the asset or CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS *(continued)*

(iii) Estimate of useful life for intangibles

Management's judgment involves the use of estimates for determining the useful life for intangibles to determine amortization methods and rates.

(iv) Contingent consideration

The valuation of the contingent consideration issued on the acquisition of shares of Vanado Inc. ("Vanado") and the acquisition of assets from Mevia Inc. (Mevia") (note 7) has been recorded at fair value and has been based on management's assessment of the likelihood of the performance targets being met. The associated liability is measured at fair value at each reporting date based on the likelihood of the performance targets being met.

(v) Tax assets and liabilities

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

5. CHANGES IN ACCOUNTING STANDARDS

(i) Accounting standards adopted in the current year

There were no changes to the accounting standards in the current year applicable to the Corporation.

(ii) Accounting standards issued but not yet applied

- IFRS 15 - *"Revenue from Contracts with Customers"* provides a comprehensive new standard on revenue recognition. It specifies how and when to recognize revenue as well as requiring entities to provide more informative and relevant disclosure. The new standard is effective for years beginning on or after January 1, 2018. IFRS 15 is being assessed to determine its impact on the Corporation's results and financial position.

- IFRS 9 - *"Financial Instruments"* replaces the guidance on "classification and measurement" of financial instruments in IAS 39, Financial Instruments – Recognition and Measurement. The new standard requires a consistent approach to the classification of financial assets and replaces the numerous categories of financial assets in IAS 39 with two categories measured at either amortized cost or at fair value. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss and comprehensive loss, unless this creates an accounting mismatch. It also includes a new general hedge accounting model. IFRS 9 is effective for fiscal periods beginning on or after January 1, 2018. IFRS 9 is being assessed to determine its impact on the Corporation's results and financial position.

5. CHANGES IN ACCOUNTING STANDARDS *(continued)*

- The IASB has developed a new standard, IFRS 16 - “Leases", which supersedes IAS 17 - “Leases”. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). Lessee accounting will change substantially under this new standard while there is little change for the lessor. IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognize assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leased assets separately from interest on lease liabilities in the income statement. A lessor will continue to classify its leases as operating leases or financing leases, and to account for those two types of leases separately. IFRS 16 is being assessed to determine its impact on the Corporation's results and financial position.

6. REVERSE ACQUISITION OF SOUTHTECH AND ACQUISITION OF LIMITLESS I CORP.

(i) Reverse acquisition of Southtech

On September 11, 2014, Southtech completed its Qualifying Transaction which was effected pursuant to an agreement between Southtech and Redfall. As a result of the agreement, the former shareholders of Redfall received one fully paid common share in the new amalgamated company for every one Class A common share held in Redfall and the former shareholders of Southtech received one fully paid common share in the new amalgamated company for every five shares held in Southtech.

The transaction was a reverse acquisition of Southtech and has been accounted under IFRS 2, Share-based Payments. Accordingly, the transaction has been accounted for at the fair value of the equity instruments granted by the shareholders of Redfall to the shareholders and option holders of Southtech based on the value of concurrent share issues to arm’s length parties. The difference between the net assets acquired and the fair value of the consideration paid of $930,852 has been recognized as a listing expense in the statement of loss and comprehensive loss for the year ended December 31, 2014. Costs of the transaction (reverse acquisition costs) of $373,304 were also expensed in the year ended December 31, 2014.

The results of operations of Southtech are included in the consolidated financial statements of Vogogo from the date of the reverse acquisition, September 11, 2014.

The fair values of the net assets of Southtech acquired on September 11, 2014 are as follows:

	$
Cash	47,858
Other receivables	707
	48,565
Purchase price allocation is as follows:	
Fair value of common shares (1,240,000 shares at $0.75 per share)	930,000
Fair value of stock options (120,000 options exercisable at $0.50 per share)	49,417
	979,417
Listing costs	**930,852**

6. REVERSE ACQUISITION OF SOUTHTECH AND ACQUISITION OF LIMITLESS I CORP. *(continued)*

The fair values of the Southtech options were estimated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.50
Share price	$0.75
Dividend yield	-
Forfeiture %	-
Risk-free interest rate	1.14%
Expected life of options	1.00 year
Expected volatility	114%

(ii) Acquisition of Limitless I Corp. ("Limitless")

Prior to the reverse acquisition of Southtech, Limitless, a shareholder of Redfall holding 9,588,924 Corporation shares, completed a restructuring whereby the shareholders of Limitless each received Redfall's common shares equal to such shareholder's proportionate interest in the aggregate shares held by Limitless. As a result of such restructuring an aggregate of 53,551 Redfall common shares were cancelled to settle outstanding amounts payable by Limitless prior to closing and the shareholders of Limitless received an aggregate of 9,535,373 Redfall common shares. The fair value of the shares issued was determined based on the value of concurrent share issuances to arm's length parties.

The fair value of the net assets of Limitless acquired on September 11, 2014 are as follows:

	$
9,588,924 common shares of Limitless	7,191,693
	7,191,693

Purchase price allocation is as follows:	
Fair value of common shares (9,535,373 shares at $0.75 per share)	7,151,530
	7,151,530
53,551 common shares of the Corporation cancelled on assumption of Limitless liability by the Corporation (53,551 shares at $0.75 per share)	**40,163**

The revenues and profit or loss since the closing date of the acquisitions, and pro forma revenues and profit or loss giving effect to the acquisitions as if they had occurred on January 1, 2014, are not practical to determine. The operations of the acquired assets are not managed as separate business units, and the Corporation's general business overhead and other costs are not allocated or identified on a specific asset basis. Such allocations would, accordingly, be arbitrary and would require significant assumptions and estimates concerning management's intentions and decision-making.

7. ACQUISITIONS

a. Acquisition of Vanado shares

On January 1, 2015, the Corporation acquired all of the issued and outstanding shares of Vanado, Inc., a specialized consulting and payment services company based in Denver, Colorado, USA, from an arm's length third party pursuant to a share purchase agreement ("SPA").

7. ACQUISITIONS *(continued)*

The purchase was satisfied by the issuance of 227,273 common shares of the Corporation with a fair value of $2.40 per share based on the closing trading price on January 1, 2015 for total consideration of $545,455. Additional consideration included certain post-closing payments of up to $1 million payable on or before December 31, 2016 ("Performance Period"). These post-closing payments shall be payable in common shares of the Corporation upon the Corporation achieving certain performance thresholds related as set out in the SPA. $500,000 of the contingent consideration was dependent on the Corporation securing US domestic automated clearing house processing capabilities, and the remaining contingent consideration is dependent on meeting monthly revenue targets of US $200,000, US $425,000 and US $600,000 in any two consecutive months. The fair value of the contingent consideration was valued at $738,584 at the closing date based on the likelihood of the performance thresholds being met and the estimated timing of the payments. The performance threshold related to the clearing house capabilities was achieved during the year ended December 31, 2015 and as a result 591,366 common shares of the Corporation were issued on December 3, 2015 with a fair value of $0.78 per share for total value of $461,265.

The Corporation did not acquire any assets or liabilities or obtain inputs or processes on acquisition of Vanado other than the personnel employed by Vanado. As a result, management concluded that this acquisition does not meet the definition of business combination under IFRS and represents a share based payment. Accordingly, the Corporation has recorded the cost of acquiring Vanado as stock-based compensation in the statement of loss and comprehensive loss.

The stock-based compensation recognized upon acquisition consisted of:

	$
Shares issued (227,273 common shares at $2.40 each)	545,455
Contingent consideration payable based on milestones	738,584
Stock-based compensation	**1,284,039**

Management reviewed the probability of meeting the performance conditions and discounted future expected cash flows to record a fair value estimate of contingent consideration. This liability is reviewed each reporting period and any adjustments to this liability value is adjusted through the statement of loss and comprehensive loss. There was an adjustment of $99,948 during the year ended December 31, 2015.

b. Acquisition of assets of Mevia

On April 30, 2015, the Corporation acquired certain assets from an arm's length third party private risk management and consulting services company, Mevia, in order to obtain the company's risk management software, pursuant to an asset purchase agreement ("APA").

The purchase was satisfied by the issuance of 600,000 common shares of the Corporation with a fair value of $2.75 per share based on the closing trading price on April 30, 2015 for total consideration of $1,650,000. Additional consideration included certain post-closing payments of up to $3 million payable on or before April 30, 2017 ("Performance Period"). These post-closing payments shall be payable in cash or common shares of the Corporation at the option of the Corporation upon the Corporation achieving certain performance as set out in the APA. The contingent consideration is dependent on meeting monthly revenue targets of CDN $250,000, CDN $500,000 and CDN $800,000 in any two consecutive months. The post-closing payments represent a provision and were measured at fair value of $2,219,893.

The Corporation acquired only intangible assets consisting of risk management software and no other assets or liabilities were acquired as per the APA. Management concluded that this acquisition meets the definition of business combination under IFRS and has determined that the acquisition fair value equates to the fair value of the assets acquired, and has therefore recorded this acquisition value as the intangible asset addition on the statement of financial position. The intangible asset acquired was measured at fair value based on Level 3 inputs at the acquisition date based on estimated discounted cash flows.

These intangible assets are being amortized on a straight-line basis over the estimated useful life of three years.

The Intangible Assets recognized upon acquisition consisted of:

	$
Shares issued (600,000 common shares at $2.75 each)	1,650,000
Contingent consideration payable based on milestones	2,219,893
Intangible Assets	**3,869,893**

Book value of intangible assets is as follows:

	$
Balance, December 31, 2013 and 2014	-
Additions	3,869,893
Amortization	(859,976)
Balance, December 31, 2015	**3,009,917**

Management reviewed the probability of meeting the performance conditions and discounted future expected cash flows to record a fair value estimate of contingent consideration. This liability is reviewed each reporting period and any adjustments to this liability value is adjusted through the statement of loss and comprehensive loss. None of the performance targets were met during the year and there was no adjustment required for the year ended December 31, 2015.

Estimated contingent consideration payable on milestones as at December 31, 2015:

	Vanado	**Mevia**	**Total**
	$	**$**	**$**
Current portion	**377,267**	**2,219,893**	**2,597,160**
Long-term portion	**-**	**-**	**-**
	377,267	**2,219,893**	**2,597,160**

The revenues and profit or loss since the closing date of the acquisitions, and pro forma revenues and profit or loss giving effect to the acquisitions as if they had occurred on January 1, 2015, are not practical to determine. The operations of the acquired assets are not managed as separate business units, and the Corporation's general business overhead and other costs are not allocated or identified on a specific asset basis. Such allocations would, accordingly, be arbitrary and would require significant assumptions and estimates concerning management's intentions and decision-making.

8. PROPERTY AND EQUIPMENT

Cost	Computer Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Total $
Balance, December 31, 2013	294,720	18,652	2,151	315,523
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2014	294,720	18,652	2,151	315,523
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2015	**294,720**	**18,652**	**2,151**	**315,523**

Accumulated amortization	Computer Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Total $
Balance, December 31, 2013	280,814	9,857	601	291,272
Amortization	7,621	1,759	309	9,689
Disposals	-	-	-	-
Balance, December 31, 2014	288,435	11,616	910	300,961
Amortization	3,442	1,407	248	5,097
Disposals	-	-	-	-
Balance, December 31, 2015	**291,877**	**13,023**	**1,158**	**306,058**

Net book value	Computer Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Total $
Balance, December 31, 2014	6,285	7,036	1,241	14,562
Balance, December 31, 2015	**2,843**	**5,629**	**993**	**9,465**

9. TRUST ASSETS AND LIABILITIES

Cash held in trust consists of cash held in bank accounts and represent amounts collected from customers of Vogogo clients which are held in trust until being paid out to clients.

10. TRADE AND OTHER PAYABLES

	December 31, 2015 $	December 31, 2014 $
Trade accounts payable	**299,133**	594,175
Accrued payables	**396,505**	93,364
Other	**14,482**	16,667
	710,120	704,206

Trade accounts payable are non-interest bearing and are normally settled on 30 to 60 day terms. As at December 31, 2015, the Corporation has $177,458 (2014 - $308,219) in accounts payable beyond 60 days.

11. CONVERTIBLE DEBENTURES

On January 25, 2013 the Corporation issued an unsecured convertible debenture with a principal amount of $100,000. The principal bore interest at a rate of 10% per annum and was convertible into common shares, at any time, at the option of the holder, at $0.52 per share. Unless earlier repaid, at the option of the Corporation, or demanded, in the event of default, the principal was due and payable in full on January 25, 2014. Interest was due and payable quarterly on each of April 25, 2013, July 25, 2013, October 25, 2013 and January 25, 2014. The debenture was repaid in full along with accrued interest on January 25, 2014.

On March 6, 2013 the Corporation issued a second unsecured convertible debenture with a principal amount of $100,000. The principal bore interest at a rate of 10% per annum and was convertible into common shares, at any time, at the option of the holder, at $0.52 per share. Unless earlier repaid, at the option of the Corporation, or demanded, in the event of default, the principal was due and payable in full on March 6, 2014. Interest was due and payable quarterly on each of June 6, 2013, September 6, 2013, December 6, 2013 and March 6, 2014. This debenture was converted into common shares on March 5, 2014 and a total of 192,307 common shares were issued from Treasury (note 14 (ii)).

On February 11, 2014, the Corporation issued a secured convertible debenture in the amount of $2,000,000. On March 17, 2014, the Corporation amended this convertible debenture, increasing the amount of the convertible debenture issued to $3,164,345. The debenture was secured by a first charge against all of the Corporation's present and after-acquired property and was scheduled to mature August 11, 2014. The debenture bore interest at a rate of 10% per annum. The debenture was convertible into common shares of the Corporation, at the option of the holder, at $0.33 per share. The corporation issued 2,275,000 agents warrants in connection with the convertible debenture with a fair value of $964,709 (note 15), of which $868,238 was allocated to the debt component of the convertible debenture and $96,471 was allocated to the equity component of the debenture. On March 26, 2014, the Corporation issued 9,588,924 common shares upon conversion of the full $3,164,345 convertible debenture. Upon conversion, the debt and equity portions of the convertible debenture and associated accretion to the conversion date of $281,442, net of the warrant costs of $964,709, were transferred to share capital (note 14(iv)).

The Corporation determined that the convertible debentures met the definition of a compound financial instrument and determined the fair value of the liability and the resulting equity component by discounting the expected future cash flows of each convertible debenture using interest rates of 20% to 25% representing management's estimate of the fair value interest rate for a similar instrument without the convertibility feature.

12. ROYALTY FINANCING LIABILITY

The Corporation entered into a $1 million investment agreement to help fund the development and commercialization of the Corporation's web-based payment service provider technology. The proceeds were available to the Corporation if and when certain pre-determined milestones were achieved. Any amount drawn pursuant to the investment agreement was repayable in the form of a 3.5% royalty based on quarterly gross revenues, beginning with the quarter ending December 31, 2014, until twice the gross amount received was remitted or until the Corporation had repaid all advances received plus 20% interest compounded annually from the date each advance was received, less royalties paid. During the year ended December 31, 2013, the Corporation received $200,000 as part of this arrangement. At December 31, 2013 the liability was comprised of the $200,000 principal plus $18,192 in accrued interest. The $200,000 principal and accrued interest of $29,700 were fully paid on April 24, 2014.

13. INCOME TAXES

The income tax provision differs from the amount that would be computed by applying the statutory income tax rates to profit or loss before income taxes.

The reconciliation of the differences is as follows:

	December 31, 2015 $	December 31, 2014 $
Net loss before income taxes	**(12,161,955)**	(8,980,661)
Statutory income tax rate	**26%**	25%
Expected income tax recovery	**(3,162,108)**	(2,245,165)
Tax assets not recognized	**1,989,492**	2,086,096
Non-deductible intangible asset acquisition	**1,044,871**	-
Stock-based compensation	**776,888**	644,983
Adjustment to prior year losses	**(2,504)**	(184,626)
Share issue costs	**(340,410)**	(304,474)
Change in rate	**(244,424)**	-
Other	**(61,805)**	3,186
Income tax recovery	**-**	-

The net deferred tax asset is comprised of the following temporary differences:

	December 31, 2015 $	December 31, 2014 $
Non-capital losses	**(4,635,257)**	(2,091,303)
Property and equipment and intangible assets	**799,152**	(11,250)
Share issuance costs	**(533,375)**	(277,435)
Tax assets not recognized	**4,369,480**	3,379,988
Deferred tax asset	**-**	-

As at December 31, 2015, the Corporation has Canadian, US and UK non-capital loss carry forwards of approximately $17,168,000 (2014 - $10,983,000). The non-capital loss carry forwards expire at various dates from 2030 to 2035. The Corporation also has tax deductible balances of $1,975,000 at December 31, 2015, relating to share issuance costs, which have not been recognized on the consolidated statement of financial position.

14. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Preferred Shares without nominal or par value and an unlimited number of Common Shares without nominal or par value. The Corporation has the following Common Shares issued and outstanding:

	Number of Shares #	Share Capital $
Balance, December 31, 2013	15,696,307	1,161,164
Repurchase of shares for cash (i)	(3,833,334)	(345,000)
Fair value adjustment of repurchase of shares (i)	-	61,422
Shares issued on conversion of convertible debenture (ii)	192,307	107,736
Shares issued for cash (iii)	500,000	45,000
Fair value adjustment of shares issued (iii)	-	215,000
Shares issued on conversion of convertible debenture (iv)	9,588,924	2,481,078
Shares issued for cash (v)	432,692	225,000
Shares issued for cash (vi)	400,000	208,000
Units issued for cash (vii)	288,462	150,000
Warrant component of units issued (vii)	-	(95,662)
Shares issued on exercise of share purchase warrants (vii)	479,540	249,361
Fair value on exercise of share purchase warrants (vii)	-	59,731
Shares issued on exercise of stock options (viii)	3,333,334	300,000
Fair value on exercise of stock options (viii)	-	1,452,020
Repurchase of shares for cash (ix)	(500,000)	(375,000)
Fair value adjustment of repurchase of shares (ix)	-	260,762
Repurchase of shares on acquisition of Limitless (x)	(53,551)	(40,163)
Elimination of Redfall common shares (xi)	(26,524,681)	-
Shares issued on reverse acquisition (xi)	26,524,681	-
Shares issued to Southtech (xii)	1,240,000	930,000
Shares issued for brokered placement (xiii)	4,666,667	3,500,000
Shares issued for non-brokered placement (xiv)	6,666,664	5,000,000
Share issue costs - Finder's Fee paid in cash (xv)	-	(598,396)
Share issue costs - Finders Warrants (xv)	-	(339,208)
Shares issued on exercise of stock options (xvi)	122,500	57,725
Fair value on exercise of stock options (xvi)	-	59,207
Shares issued on exercise of Finders Warrants (xvii)	158,386	118,790
Fair value on exercise of Finders Warrants (xvii)	-	67,723
Shares issued on exercise of stock options (xviii)	20,000	10,000
Fair value on exercise of stock options (xviii)	-	8,236
Shares issued on exercise of Finders Warrants (xix)	10,000	7,500
Fair value on exercise of Finders Warrants (xix)	-	4,276
Shares issued on exercise of Finders Warrants (xx)	42,643	31,982
Fair value on exercise of Finders Warrants (xx)	-	18,233
Shares issued on exercise of Finders Warrants (xxi)	96,000	72,000
Fair value on exercise of Finders Warrants (xxi)	-	41,046
Shares issued on exercise of Finders Warrants (xxii)	5,250	3,938
Fair value on exercise of Finders Warrants (xxii)	-	2,244
Shares issued on exercise of Finders Warrants (xxiii)	22,000	16,500
Fair value on exercise of Finders Warrants (xxiii)	-	9,407
Share issue costs – Legal and other	-	(206,739)
Balance, December 31, 2014	**39,574,791**	**14,934,913**

14. SHARE CAPITAL *(continued)*

	Number of Shares	Share Capital
	#	$
Balance, December 31, 2014	**39,574,791**	**14,934,913**
Shares issued on acquisition of Vanado (xxiv) (note 7(a))	818,639	1,006,720
Shares issued on exercise of stock options (xxv)	837,416	457,048
Fair value on exercise of stock options (xxv)	-	374,104
Shares issued on exercise of warrants (xxvi)	1,625,564	612,714
Fair value on exercise of warrants (xxvi)	-	646,555
Shares issued on acquisition of assets from Mevia (xxvii) (note 7(b))	600,000	1,650,000
Shares issued through short form prospectus (xxviii)	5,566,000	12,523,500
Share issue costs – Underwriters fees (xxviii)	-	(876,645)
Share issue costs – Legal and other (xxviii)	-	(384,131)
Balance, December 31, 2015	**49,022,410**	**30,944,778**

(i) On February 21, 2014 the Corporation repurchased 3,833,334 common shares at $0.09 per share for total cost of $345,000. The average carrying value of share capital as at the date of the buy-back was calculated at $0.07 per share, resulting in a premium of $0.02 per common share. The resulting premium of $61,422 was charged to deficit.

(ii) On March 5, 2014, the Corporation issued 192,307 common shares at $0.52 per share upon conversion of a $100,000 convertible debenture.

(iii) On March 17, 2014, the Corporation issued 500,000 common shares at $0.09 for total cash proceeds of $45,000. The fair value of these shares at the time was determined to be $0.52 per common share. These shares were issued below the market value by $0.43 per share, the total discount of $215,000 was credited to share capital and recorded as commission expenses and is included in the general and administration expense for the period.

(iv) During 2014, the Corporation issued a secured convertible debenture in amount of $3,164,345. The debenture was convertible into common shares of the Corporation at the option of the holder at $0.33 per share. On March 26, 2014, the Corporation issued 9,588,924 common shares upon conversion of the full $3,164,345 convertible debenture.

In connection with the issuance of the convertible debenture on February 11, 2014, the Corporation issued an aggregate of 2,275,000 agent warrants to acquire common shares of the Corporation for a period of five years at a price of $0.33 per common share expiring five years from the date of grant. Fair value of these agent warrants was calculated using the Black-Scholes option-pricing model and recorded as debenture transaction costs. The fair value of the agent warrants was determined to be $964,709, which was allocated to the debt and equity components of the convertible debenture.

Upon conversion the debt and equity portions of the convertible debenture and associated accretion to the conversion date of $281,442, net of warrant costs of $964,709, were transferred to share capital.

(v) On April 2, 2014, the Corporation issued a total of 432,692 common shares for cash at $0.52 per share for total proceeds of $225,000.

(vi) On April 7, 2014, the Corporation issued a total of 400,000 common shares for cash at $0.52 per share for total proceeds of $208,000.

14. SHARE CAPITAL *(continued)*

(vii) On April 30, 2014, the Corporation issued 288,462 units at $0.52 per unit for total proceeds of $150,000. Each unit is comprised of one common share and 2.6624 share purchase warrants, for a total issuance of 288,462 common shares and 768,002 share purchase warrants. Each share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.52 per common share for up to three years following the issuance date. Fair value of these share purchase warrants were calculated using the Black-Scholes option-pricing model. The fair value of these share purchase warrants was determined to be $95,662, which was allocated to warrants from share capital.

On June 27, 2014, 479,540 of the total 768,002 warrants were exercised at $0.52 per warrant for total proceeds of $249,361. The value of these warrants of $59,731 was transferred from warrants to share capital on exercise of these warrants.

(viii) On April 30, 2014, 3,333,334 stock options were exercised at $0.09 per stock option for total proceeds of $300,000. The value of the stock options of $1,450,020 was transferred from contributed surplus to share capital on exercise of these options.

(ix) On September 10, 2014 the Corporation repurchased 500,000 common shares at $0.75 per share for total proceeds of $375,000. The average carrying value of share capital as at the date of the buy-back was calculated at $0.23 per share, resulting in a premium of $0.52 per common share. The resulting premium of $260,762 was charged to deficit.

(x) On September 10, 2014 the Corporation cancelled 53,551 common shares at the fair value of $0.75 per share for a total of $40,163 on acquisition of Limitless (note 7).

(xi) On September 11, 2014, as part of the reverse acquisition, the former holders of Redfall Class A common shares received 1 common share of the Corporation for every 1 Redfall Class A common share held.

(xii) On September 11, 2014, as part of the reverse acquisition, the former holders of Southtech common shares received 1 common share of the Corporation for every 5 Southtech common share held.

(xiii) On September 11, 2014, in conjunction with the reverse acquisition, the Corporation completed a brokered private placement and issued 4,666,667 common shares at $0.75 for gross proceeds of $3,500,000.

(xiv) On September 11, 2014, in conjunction with the reverse acquisition, the Corporation completed a non-brokered private placement and issued 6,666,664 common shares at $0.75 for gross proceeds of $5,000,000.

(xv) On September 11, 2014, in connection with the brokered and non-brokered private placement, the Corporation paid a finder's fee of $598,396 and also issued 793,332 finders warrants ("Finders Warrants"). Each Finders Warrant is exercisable to one common share of the Corporation at $0.75 per finders warrant for a period of 12 months from the date of closing. The fair value of the Finders Warrants was calculated to be $339,208 using the Black-Scholes option pricing model and was recorded as share issue costs.

(xvi) On September 18, 2014, 122,500 stock options were exercised at an average price of $0.47 per stock option for total proceeds of $57,575. The value of the stock options of $59,207 was transferred from contributed surplus to share capital on exercise of these options.

(xvii) On October 1, 2014, 158,386 Finders Warrants were exercised at $0.75 per warrant for total proceeds of $118,790. The value of these warrants of $67,723 was transferred from warrants to share capital on exercise of these warrants.

14. SHARE CAPITAL *(continued)*

(xviii) On October 9, 2014, 20,000 stock options were exercised at a price of $0.50 per stock option for total proceeds of $10,000. The value of the stock options of $8,236 was transferred from contributed surplus to share capital on exercise of these options.

(xix) On October 14, 2014, 10,000 Finders Warrants were exercised at $0.75 per warrant for total proceeds of $7,500. The value of these warrants of $4,276 was transferred from warrants to share capital on exercise of these warrants.

(xx) On October 28, 2014, 42,643 Finders Warrants were exercised at $0.75 per warrant for total proceeds of $31,982. The value of these warrants of $18,233 was transferred from warrants to share capital on exercise of these warrants.

(xxi) On October 29, 2014, 96,000 Finders Warrants were exercised at $0.75 per warrant for total proceeds of $72,000. The value of these warrants of $41,046 was transferred from warrants to share capital on exercise of these warrants.

(xxii) On November 6, 2014, 5,250 Finder Warrants were exercised at $0.75 per warrant for total proceeds of $3,938. The value of these warrants of $2,244 was transferred from warrants to share capital on exercise of these warrants.

(xxiii) On December 12, 2014, 22,000 Finder Warrants were exercised at $0.75 per warrant for total proceeds of $16,500. The value of these warrants of $9,407 was transferred from warrants to share capital on exercise of these warrants.

(xxiv) On January 1, 2015, the Corporation acquired all the issued and outstanding shares of Vanado by issuing 227,273 common shares of the Corporation at a fair value of $2.40 per share. On December 3, 2015, 591,366 additional shares were issued at a fair value of $0.78 on achieving one of the performance thresholds (note 7(a)).

(xxv) On February 23, 2015, 100,000 stock options were exercised at a price of $0.75 per stock option for total proceeds of $75,000. On March 2, 2015, 20,000 stock options were exercised at a price of $0.33 per stock option for total proceeds of $6,600. On March 12, 2015, 25,000 stock options were exercised at a price of $0.75 per stock option for total proceeds of $18,750. On March 12, 2015, 37,500 stock options were exercised at a price of $0.33 per stock option for total proceeds of $12,375. On March 30, 2015, 10,000 stock options were exercised at a price of $0.52 per stock option for total proceeds of $5,200. On April 9, 2015, 152,100 stock options were exercised at a price of $0.52 per stock option for total proceeds of $79,092. On April 16, 2015, 200,000 stock options were exercised at a price of $0.52 per stock option for total proceeds of $104,000. On April 20, 2015, 37,900 stock option were exercised at a price of $0.52 per stock option for total proceeds of $19,708. On May 5, 2015, 73,250 stock options were exercised at a price of $0.33 per stock option for total proceeds of $24,173. On May 8, 2015, 100,000 stock options were exercised at a price of $0.75 per stock option for total proceeds of $75,000. On July 13, 2015, 15,000 stock options were exercised at a price of $0.33 per stock option for total proceeds of $4,950. On September 11, 2015, 60,000 stock options were exercised at a price of $0.50 per stock option for total proceeds of $30,000. On December 1, 2015, 6,666 stock options were exercised at a price of $0.33 per stock option for total proceeds of $2,200. The initial fair value of these stock options of $374,104 was transferred from contributed surplus to share capital on exercise of these options.

(xxvi) On March 20, 2015, 16,333 Finders Warrants were exercised at a price of $0.75 per warrant for total proceeds of $12,250. On March 30, 2015, 100,000 Finders Warrants were exercised at a price of $0.75 per warrant for total proceeds of $75,000. On May 6, 2015, 144,231 share purchase warrants were exercised at a price of $0.52 per warrant for a total proceeds of $75,000. On July 3, 2015, 606,666 share purchase warrants were exercised at a price of $0.33 per warrant for a total proceeds of $200,214. On December 8, 2015, 758,334 share purchase warrants were exercised at a price of $0.33 per warrant for total proceeds of $250,250. The initial fair value of these warrants of $646,555 was transferred from warrants to share capital on exercise of the warrants.

14. SHARE CAPITAL *(continued)*

(xxvii) On April 30, 2015, the Corporation acquired certain assets of Mevia (note 7 (b)) by issuing 600,000 common shares of the Corporation at a price of $2.75 per share.

(xxviii) On June 16, 2015, the Corporation completed a short form prospectus offering and issued a total of 5,566,000 common shares of the Corporation at an offering price of $2.25 per common share for total gross proceeds of $12,523,500. Underwriters' fees of 7% totaling $876,645 were paid in connection with the prospectus. In addition, legal and other share issue costs of $384,131 were incurred.

The weighted average number of common shares outstanding and used to calculate basic and diluted loss per share is 44,377,073 for the year ended December 31, 2015 (2014 – 27,375,926). The effect of the share split was accounted for retrospectively for all periods presented. The Corporation excluded all stock options and warrants from the calculation of diluted loss per share for the years ended December 31, 2015 and 2014 as they would be anti-dilutive.

As at December 31, 2015, a total of 3,272,116 common shares (December 31, 2014 – 9,816,347) were held in escrow pursuant to TSXV requirements. These shares were released from escrow on March 11, 2016.

15. CONTRIBUTED SURPLUS AND WARRANTS

The contributed surplus and warrants reserve is used to recognize the fair value of stock options and warrants granted. When options and warrants are subsequently exercised, the fair value of such options in contributed surplus and warrants is credited to share capital. Refer to note 16 for further details on these plans.

Contributed Surplus

	$
Balance, December 31, 2013	-
Stock-based compensation expense	2,579,934
Fair value of Southtech stock options on reverse acquisition (note 6(i))	49,417
Equity component of convertible debenture transferred on repayment at maturity	7,728
Exercise of stock options	(1,519,463)
Balance, December 31, 2014	1,117,616
Stock-based compensation expense	1,604,043
Exercise of stock options	(374,104)
Balance, December 31, 2015	**2,347,555**

Warrants

	$
Balance, December 31, 2013	-
Agent warrants issued (note 14(x))	964,709
Share purchase warrants issued (note 14(xiii))	95,662
Finders Warrants issued (note 14(xxi))	339,208
Exercise of warrants	(202,660)
Balance, December 31, 2014	1,196,919
Exercise of warrants	(646,555)
Balance, December 31, 2015	**550,364**

16. STOCK-BASED COMPENSATION AND WARRANTS

The Corporation has a stock option plan ("the Plan") under which the Board of Directors of the Corporation may grant to directors, officers, employees and technical consultants to the Corporation non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant. During the year ended December 31, 2015, the Corporation issued 1,915,000 options (2014 – 7,208,334) at exercise prices ranging from $0.85 to $2.83 (2014 - $0.09 to $3.65). All of the options vest over three years, except for 95,000 options (2014 – 1,603,334) that have accelerated vesting provisions.

A summary of the Plan transactions for the years ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at beginning of year	3,732,500	0.72	-	-
Options granted	1,915,000	1.54	7,208,334	0.42
Options cancelled / forfeited	(375,001)	(1.44)	-	-
Options exercised during the year	(837,416)	(0.55)	(3,475,834)	(0.11)
Outstanding at end of year	4,435,083	1.05	3,732,500	0.72

The weighted average market price on the date of exercise was $2.87.

The following provides a summary of options outstanding and exercisable as at December 31, 2015:

Options outstanding			Options exercisable		
Outstanding at December 31, 2015	Weighted average remaining contractual life	Weighted average exercise price $	Number exercisable at December 31, 2015	Weighted average remaining contractual life	Weighted average exercise price $
1,156,750	3.33 years	0.33	423,417	3.33 years	0.33
1,338,333	3.70 years	0.75	601,667	3.70 years	0.75
200,000	3.91 years	3.65	66,666	3.91 years	3.65
100,000	4.13 years	2.83	-	-	-
230,000	4.20 years	2.65	-	-	-
130,000	4.66 years	1.09	10,000	4.66 years	1.09
1,150,000	4.69 years	1.20	70,000	4.69 years	1.20
130,000	4.91 years	0.85	15,000	4.91 years	0.85
4,435,083	3.96 years	1.05	1,186,750	3.66 years	0.79

16. STOCK-BASED COMPENSATION AND WARRANTS *(continued)*

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the year ended December 31, 2015	**For the year ended December 31, 2014**
Fair value of options	**$0.65 to $2.42**	$0.34 to $3.14
Exercise price	**$1.54**	$0.42
Share price	**$1.54**	$0.67
Dividend yield	**0%**	0%
Forfeiture %	**3.9%**	0%
Risk-free interest rate	**0.80%**	1.61%
Expected life of options	**5.00 years**	3.04 years
Expected volatility	**125%**	127%

The Corporation's shares started publicly trading on September 11, 2014 and, as a result, the Corporation does not have sufficient trading history to compute its expected volatility using its historical volatility; therefore, the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

The forfeiture rate has been estimated based on past experience.

The Corporation recorded stock-based compensation expense for options of $1,604,043 (2014 - $2,579,934) with an offsetting increase to contributed surplus in respect of the stock options granted during the year ended December 31, 2015. 837,416 (2014 – 3,475,834) stock options were exercised during the year and as a result $374,104 (2014 - $1,519,463) was transferred to share capital from contributed surplus.

The Corporation issued 2,275,000 agent warrants as compensation to agents in connection with convertible debenture issuances during the year ended December 31, 2014. Each agent warrant is exercisable for one common share of the Corporation at $0.33 per common share for a period of 5 years from the issuance date. The fair value of the agent warrants was calculated to be $964,709 using the Black-Scholes option pricing model. 758,334 of these warrants were issued to an entity related by common officers and directors. 910,000 of these agent warrants are outstanding at December 31, 2015.

The Corporation issued 768,002 share purchase warrants as part of a unit offering. Each share purchase warrant is exercisable for one common share of the Corporation at $0.52 per common share for a period of 3 years from the issuance date. The fair value of the share purchase warrants was calculated to be $95,662 using the Black-Scholes option pricing model. 144,231 of these share purchase warrants are outstanding at December 31, 2015.

The Corporation issued 793,332 finders warrants on September 11, 2014 in connection with the brokered and non-brokered private placement. Each finders warrant is exercisable for one common share of the Corporation at $0.75 per common share for a period of 24 months from the date of closing of the Qualifying Transaction. The fair value of the finders warrants was calculated to be $339,208 using the Black-Scholes option pricing model. 342,720 of these share purchase warrants are outstanding at December 31, 2015.

16. STOCK-BASED COMPENSATION AND WARRANTS *(continued)*

A summary of warrant transactions for the year ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Outstanding at beginning of period	3,022,515	0.41	-	-
Agents warrants granted	-	-	2,275,000	0.33
Warrants granted	-	-	768,002	0.52
Finders Warrants granted	-	-	793,332	0.75
Warrants exercised	(1,625,564)	0.38	(813,819)	0.61
Outstanding at end of period	1,396,951	0.45	3,022,515	0.41

The weighted average market price on the date of exercise was $1.53.

The following provides a summary of warrants outstanding as at December 31, 2015:

Warrants outstanding and exercisable		
Outstanding at December 31, 2015	**Weighted average remaining contractual life**	**Weighted average exercise price $**
1,396,951	2.31 years	$0.45

The fair value of each warrant was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the year ended December 31, 2014
Fair value of warrants	$0.34 to $0.43
Exercise price	$0.45
Share price	$0.57
Dividend yield	0%
Risk-free interest rate	1.52%
Expected life of warrants	3.9 years
Expected volatility	106%

The Corporation's shares started publicly trading on September 11, 2014 and, as a result, the Corporation does not have sufficient trading history to compute its expected volatility using its historical volatility; therefore, the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

16. STOCK-BASED COMPENSATION AND WARRANTS *(continued)*

The Corporation recorded debenture issue costs for agent warrants of $Nil (2014 - $964,709) with an offsetting increase to warrants during the year ended December 31, 2014. The Corporation recorded $Nil (2014 - $95,662) to warrants on the issue of share purchase warrants with an offset to share capital. On exercise of 1,625,564 (2014 - 813,819) of share purchase warrants $646,555 (2014 - $202,660) was transferred from warrants to share capital during the year ended December 31, 2015.

17. INTEREST

Interest income (expense) consists of the following:

	2015 **$**	2014 $
Interest income	**74,660**	37,464
Interest and bank charges	**(34,441)**	(46,642)
	40,219	(9,178)

18. RELATED PARTY TRANSACTIONS

(a) The Corporation considers its key management personnel to be its Chief Executive Officer, Chief Relationship Officer, Chief Financial Officer, Chief Operating Officer and Chief Technology Officer. Key management compensation is composed of salary and benefits, stock based compensation and consulting fees paid to key management and companies controlled by key management. During the year ended December 31, 2015, key management compensation amounted to $2,142,049 (2014 - $1,315,830), split between general and administrative sales and marketing, development, operations, and stock-based compensation expenses, based on work performed.

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total $7,591,175 (2014 - $2,597,493) for the year ended December 31, 2015, split between general and administrative, sales and marketing, development and operations expenses, based on work performed.

(b) On April 28, 2014, the Corporation provided loans to two companies controlled by two key management personnel for $75,000 each for a total of $150,000. These companies provided promissory notes to the Corporation. These two loans bear interest at 3 percent per annum and were originally due on April 28, 2015. The loan agreements were amended during the year to extend the maturity date to April 28, 2016. Interest expense of $7,500 (2014 - $3,000) has been accrued as at December 31, 2015 and included in the notes receivable balance.

19. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Corporation is committed under leases on its Calgary office space, expiring July 31, 2017, and its London office space, expiring February 29, 2016, for future minimum rental payments exclusive of occupancy costs as follows:

	London	Calgary	Total
	$	$	$
2016	11,257	82,368	93,625
2017	-	48,048	48,048
	11,257	**130,416**	**141,673**

(b) Contingencies

In December 2014, a statement of claim was filed in the Alberta Court of Queen's Bench by a company controlled by the previous Chief Technology Officer of the Corporation. The claim alleges a breach of certain provisions of the Business Corporations Act (Alberta) by the Corporation in connection with a February 2014 repurchase of certain Common shares of the Corporation previously held by the company. The claim seeks damages in an amount in excess of $15,000,000.

Subsequent to the year-end on January 20, 2016, a statement of claim was filed in the Alberta Court of Queen's Bench by a firm that was party to a proposed business combination in 2014, which did not proceed and was mutually terminated at that time. The claim alleges a breach of certain provisions of the business combination agreement pursuant to the Corporation completing the reverse take-over transaction in September 2014. The claim seeks damages in an amount in excess of $4,000,000.

The Corporation believes these suits are without merit and litigation counsel has been authorized and instructed to vigorously defend against these claims and, accordingly, the Corporation has not accrued a provision relating to the claims. As at the date of these consolidated financial statements, these claims are still pending.

20. CAPITAL MANAGEMENT

The Corporation optimizes its capital structure with a view to ensuring a strong financial position to support its operations and growth strategies. The Corporation's capital structure is made up of share capital, warrants, contributed surplus, accumulated other comprehensive income and deficit as equity components. The Corporation strives to maximize the value associated with its capital. In order to maintain or adjust its capital structure, the Corporation may from time to time issue shares and adjust its spending.

	December 31, 2015	December 31, 2014
	$	$
Share capital	**30,944,778**	14,934,913
Warrants	**550,364**	1,196,919
Contributed surplus	**2,347,555**	1,117,616
Accumulated other comprehensive income	**17,561**	-
Deficit	**(23,267,386)**	(11,105,431)
Total capital	**10,592,872**	6,144,017

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to capital risk management remained unchanged during the years presented.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's risk management policies are established to identify, analyze and manage the risks faced by the Corporation and to implement appropriate procedures to monitor risks in adherence with established controls. Risk management policies and systems are reviewed periodically in response to the Corporation's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Corporation's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

(a) Fair value

Due to the short-term nature of trade and other receivables, notes receivable, deposits, trade and other payables and trust liabilities, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. Long-term investment consists of common shares held in a private corporation. The Corporation has determined that the fair value of these common shares cannot be reliably determined and as such the long-term investment is carried at cost.

(b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions, trade and other receivables, deposits and notes receivable. The maximum exposure to credit risk is equal to the carrying value of the Corporation's cash and cash equivalents, cash held in trust, trade and other receivables, deposits and notes receivable.

The Corporation minimizes credit risk associated with its cash balance substantially by dealing with major financial institutions in Canada, the United States and the United Kingdom. Trade and other receivables consist primarily of accrued interest receivable on the guaranteed investment certificates issued by the Corporation's Canadian bank. The notes receivable are due from key management personnel and the Corporation minimizes the associated credit risk by monitoring the amount receivable and the financial position of the debtors.

Approximately 51% of the Corporation's revenue during the year ended December 31, 2015 (2014 - 73%) was generated from 3 (2014 – 2) customers.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they come due. As at December 31, 2015, the Corporation has cash and cash equivalents of $10,489,615 (2014 - $6,519,384) and has a positive net working capital position of $7,428,490 (2014 - $5,984,455) in order to manage liquidity risk. Trade and other payables, trust liabilities and the contingent consideration payable are expected to be paid in the next year.

(d) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Corporation, will fluctuate due to changes in foreign currency exchange rates. As at December 31, 2015, the Corporation's exposure to currency risk is limited to cash and cash equivalents denominated in US $338,718 (2014 - US $583,064); GBP 389,938 (2014 – GBP Nil) and trade and other payables denominated in US $296,774 (2014 - US $36,268); GBP 7,644 (2014 – GBP Nil) and trade and other receivables denominated in US $11,382 (2014 – US $Nil); Euro 2,697 (2014 – Euro Nil). A 1% change in the exchange rate between the Canadian and US dollar, GBP and Euro would have a $4,500 (2014 – $5,500) impact on the net income and cash flows of the Corporation.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

(e) Interest rate risk

Interest rate risk is the risk that the fair value and cash flows associated with the Corporation's interest bearing financial assets and liabilities will fluctuate due to changes in market interest rates. As at December 31, 2015, the Corporation is not exposed to any interest rate risk.

22. SEGMENTED INFORMATION

The Corporation has one operating segment serving all geographic locations. Substantially all of the Corporation's revenues are generated in Canada. Substantially all of the Corporation's assets are located in Canada.

23. SUBSEQUENT EVENTS

(a) On February 17, 2016, the Corporation granted options to acquire 165,000 common shares, which vest over five years at a price of $0.60 per common share expiring five years from the date of grant.

(b) Subsequent to December 31, 2015, 294,999 stock options were cancelled unexercised due to the departures of employees.

(c) On April 26, 2016, the maturity date of the notes receivable (note 18(b)) was extended to April 28, 2017.