Vogogo Inc.

Condensed Interim Consolidated Financial Statements

(in Canadian dollars)

(unaudited)

For the three and nine months ended September 30, 2016 and 2015

	September 30 2016 $	December 31 2015 $
ASSETS		
Current assets:		
Cash and cash equivalents	**5,655,388**	10,489,615
Cash held in trust (note 6)	**925,142**	1,888,008
Trade and other receivables	**9,456**	60,442
Notes receivable (note 12(b))	**-**	157,500
Prepaid expenses and deposits	**28,111**	28,213
	6,618,097	12,623,778
Non-current assets:		
Property and equipment	**-**	9,465
Intangible assets (note 5)	**-**	3,009,917
Long-term investment (note 17)	**-**	145,000
	-	3,164,382
Total assets	**6,618,097**	15,788,160
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Trade and other payables (note 7)	**479,130**	710,120
Trust liabilities (note 6)	**925,142**	1,888,008
Contingent consideration payable (note 5)	**-**	2,597,160
Total liabilities	**1,404,272**	5,195,288
Shareholders' Equity		
Share capital (note 8)	**28,307,957**	30,944,778
Warrants (note 9)	**403,826**	550,364
Contributed surplus (note 9)	**5,192,513**	2,347,555
Accumulated other comprehensive income (loss)	**(204,663)**	17,561
Deficit	**(28,485,808)**	(23,267,386)
Total shareholders' equity	**5,213,825**	10,592,872
Total liabilities and shareholders' equity	**6,618,097**	15,788,160

Commitments and contingences (note 13)
Subsequent events (notes 1, 13(b) and 18)

Approved on behalf of the Board

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

(signed) "*Gino DeMichele*"
Chief Executive Officer and Director

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

	3 months ended September 30, 2016	3 months ended September 30, 2015	**9 months ended September 30, 2016**	9 months ended September 30, 2015
REVENUE	**31,338**	$ 31,528	$ **450,285**	$ 61,539
EXPENSES				
General and administrative	**754,686**	501,459	**1,888,038**	2,662,804
Sales and marketing	**162,121**	365,279	**1,007,572**	1,038,465
Development and operations	**495,926**	994,040	**1,874,751**	2,653,725
Stock-based compensation (notes 5 and 10)	**(78,933)**	513,301	**263,599**	2,507,807
Amortization – property and equipment	**25**	1,274	**1,465**	3,822
Amortization – intangible assets	**-**	322,491	**322,491**	537,486
	1,333,825	2,697,844	**5,357,916**	9,404,109
Loss from operations	**(1,302,487)**	(2,666,316)	**(4,907,631)**	(9,342,570)
Foreign exchange gain (loss)	**(14,061)**	12,957	**(19,174)**	47,314
Interest income, net (note 11)	**6,112**	25,358	**21,149**	26,038
Loss on impairment of intangible assets (note 5)	**-**	-	**(2,687,426)**	-
Loss on impairment of long-term investment (note 17)	**-**	-	**(145,000)**	-
Changes in fair value of contingent consideration payable	**299,767**	-	**2,519,660**	-
Net loss	**(1,010,669)**	(2,628,001)	**(5,218,422)**	(9,269,218)
OTHER COMPREHENSIVE LOSS				
Exchange loss on translation of foreign operations	**(30,675)**	-	**(222,224)**	-
Comprehensive loss	**(1,041,344)**	(2,628,001)	**(5,440,646)**	(9,269,218)
Loss per share – basic and diluted (note 8)	**(0.02)**	(0.06)	**(0.11)**	(0.21)

	Share Capital $	Warrants $	Contributed Surplus $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total $
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 5(a) and 8)	545,455	-	-	-	-	545,455
Issuance of shares related to acquisition of Mevia Inc. (notes 5(b) and 8)	1,650,000	-	-	-	-	1,650,000
Share-based compensation (note 9)	-	-	1,223,768	-	-	1,223,768
Exercise of stock options	825,864	-	(371,016)	-	-	454,848
Exercise of stock warrants	687,437	(324,971)	-	-	-	362,466
Issuance of shares through short form prospectus (note 8)	11,262,724	-	-	-	-	11,262,724
Net loss and comprehensive loss	-	-	-	-	(9,269,218)	(9,269,218)
Balance, September 30, 2015	29,906,393	871,948	1,970,368	-	(20,374,649)	12,374,060
Balance, December 31, 2015	30,944,778	550,364	2,347,555	17,561	(23,267,386)	10,592,872
Share-based compensation (note 9)	-	-	263,599	-	-	263,599
Repurchase of shares (note 8)	(2,714,321)	-	2,434,821	-	-	(279,500)
Issuance of shares related to acquisition of Vanado Inc. (notes 5(a) and 8)	77,500	-	-	-	-	77,500
Expiry of stock warrants (note 9)	-	(146,538)	146,538	-	-	-
Net loss and comprehensive loss	-	-	-	(222,224)	(5,218,422)	(5,440,646)
Balance, September 30, 2016	28,307,957	403,826	5,192,513	(204,663)	(28,485,808)	5,213,825

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

	3 months ended September 30 2016 $	3 months ended September 30 2015 $	**9 months ended September 30 2016 $**	9 months ended September 30 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	**(1,010,669)**	(2,628,001)	**(5,218,422)**	(9,269,218)
Add back (deduct) items not involving cash:				
Amortization – property and equipment	**25**	1,274	**1,465**	3,822
Amortization – intangible assets	**-**	322,491	**322,491**	537,486
Impairment of intangible assets	**-**	-	**2,687,426**	-
Impairment of long-term investment	**-**	-	**145,000**	-
Changes in fair value of contingent consideration payable	**(299,767)**	-	**(2,519,660)**	-
Stock-based compensation (notes 5 and 10)	**(78,933)**	513,301	**263,599**	2,507,807
	(1,389,344)	(1,790,935)	**(4,318,101)**	(6,220,103)
Changes in non-cash working capital items:				
Trade and other receivables	**63,417**	(30,771)	**50,949**	(33,359)
Notes receivable	**159,750**	(1,125)	**157,500**	(3,375)
Prepaid expenses and deposits	**3,517**	(25,460)	**102**	(76,591)
Trade and other payables	**(63,650)**	(393,572)	**(226,565)**	(206,977)
	163,034	(450,928)	**(18,014)**	(320,302)
Net cash used in operating activities	**(1,226,310)**	(2,241,863)	**(4,336,115)**	(6,540,405)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment	**8,000**	-	**8,000**	-
Net cash generated by investing activities	**8,000**	-	**8,000**	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuances of shares, net of share issue costs (note 8)	**-**	-	**-**	11,262,724
Repurchase of shares	**(279,500)**	-	**(279,500)**	-
Proceeds from exercise of stock options (note 8)	**-**	34,950	**-**	454,848
Proceeds from exercise of warrants (note 8)	**-**	200,216	**-**	362,466
Net cash generated by financing activities	**(279,500)**	235,166	**(279,500)**	12,080,038
Effect of changes in foreign exchange rates on cash held in foreign currencies	**(31,346)**	-	**(226,612)**	-
Net increase (decrease) in cash and cash equivalents for the period	**(1,529,156)**	(2,006,697)	**(4,834,227)**	5,539,633
Cash and cash equivalents, beginning of the period	**7,184,544**	14,065,714	**10,489,615**	6,519,384
Cash and cash equivalents, end of the period	**5,655,388**	12,059,017	**5,655,388**	12,059,017
Supplemental cash flow information:				
Interest paid	**-**	-	**-**	-
Cash and cash equivalents consists of the following:				
Cash held in banks			**1,105,063**	1,009,017
Guaranteed investment certificates			**4,550,325**	11,050,000
			5,655,388	12,059,017

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

1. NATURE OF OPERATIONS

Vogogo Inc. (the "Corporation" or "Vogogo") provided payment processing and related transaction risk services. During 2016, Vogogo discontinued its payment processing and related transaction risk services and the Corporation is now assessing alternate business opportunities. 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. Subsequent to September 30, 2016, the Corporation dissolved Vogogo USA Inc. and Vanado Inc. (Notes 17 (d) and (e)).

The head office is located at PO Box 34023 Westrook PO, Calgary, Alberta, Canada, T3C 3W2.

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 24, 2016.

(b) Basis of measurement and preparation

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

The condensed interim consolidated financial statements have been prepared under the historical cost basis, except as noted.

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 condensed interim consolidated financial statements.

(c) Functional and presentation currency

These condensed interim 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 US dollars ("USD") and the functional currency of Vogogo EU Ltd. is British Pounds (“GBP”).

(d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated in these condensed interim 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 condensed interim consolidated financial statements on the date that control ceases. The accounting policies of the subsidiaries are consistent with the policies adopted by the Corporation.

(e) Discontinued operations

During the nine months ended September 30, 2016, the Corporation discontinued its payment processing and related transaction risk services. As these were the primary operations of the organization, substantially all of its assets were involved in these operations and it would be impractical to determine which assets were involved in discontinued operations versus those involved in the continuing operation of the Corporation. As such, the financial statements have not been segregated into continuing and discontinued operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Corporation's annual consolidated financial statements for the year ended December 31, 2015. Because the disclosures provided in these condensed interim consolidated financial statements do not conform in all respects with IFRS for annual consolidated financial statements, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

There were no new accounting standards, interpretations or amendments to existing standards adopted during the nine months ended September 30, 2016 that would be expected to have a significant impact on the Corporation's condensed interim consolidated financial statements. There were no new accounting standards, interpretations or amendments issued during the nine months ended September 30, 2016 that are applicable to the Corporation in future periods. Further, the Corporation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements in conformity with IFRS 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 condensed interim 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 Cash Generating Unit ("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.

(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.

(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 5) 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. 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").

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 were to 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 clearinghouse processing capabilities, and the remaining contingent consideration was 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 clearinghouse capabilities was deemed to be 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. On September 30, 2016 a final 500,000 common shares of the Corporation were issued as part of the final post-closing payments with a fair market value of $0.155 per share for a total value of $77,500. The remaining contingent consideration was reduced to $NIL on mutual termination of the Corporation's agreement with Vanado's former shareholders on September 30, 2016.

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 was reviewed each reporting period and any adjustments to this liability value were recorded through the statement of loss and comprehensive loss. There was an adjustment of $99,948 during the year ended December 31, 2015. A final adjustment of $299,767 was made during the quarter ended September 30, 2016 after issuing 500,000 common shares of the Corporation with a fair market value of $0.155 per share for a total value of $77,500 as part of the final post-closing payment to settle the contingent consideration in full.

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 were to 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 was 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 determined that the acquisition fair value equates to the fair value of the assets acquired, and recorded this acquisition value as the intangible asset addition on the statement of financial position. The intangible assets acquired were measured at fair value based on Level 3 inputs at the acquisition date based on estimated discounted future cash flows.

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

5. ACQUISITIONS *(continued)*

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, 2014	-
Additions	3,869,893
Amortization	(859,976)
Balance, December 31, 2015	**3,009,917**
Amortization	(322,491)
Impairment (*)	(2,687,426)
Balance, September 30, 2016	**-**

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 has been reviewed each reporting period and any adjustments to this liability value have been adjusted through the statement of loss and comprehensive loss.

(*) On July 5, 2016, the Corporation completed the disposition of certain assets (the “Sale Transaction”) to Mevia, an arm’s length private risk management and consulting services company (the “Purchaser”). The Sale Transaction involved the disposition of the Corporation’s risk platform known as the “Vogogo Risk and Rules Engine”. The Sale Transaction involves the Purchaser acquiring the above described assets and all associated liabilities therewith on an “as is, where is” basis for nominal consideration. As part of the Sale Transaction, the Purchaser agreed to terminate its rights to post closing payments of $3 million, which were payable in cash or common shares of the Corporation, in the sole discretion of the Corporation, upon the Corporation achieving certain performance thresholds set out in the original agreement wherein the Corporation acquired the assets that are subject to the Sale Transaction. As a result, the balance of the intangible asset of $2,687,426 was fully impaired during the nine months ended September 30, 2016 and contingent consideration payable of $2,219,893 was also eliminated.

The revenues and profit or loss since the closing date of the acquisitions, and proforma 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.

6. TRUST ASSETS AND LIABILITIES

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

7. TRADE AND OTHER PAYABLES

	September 30, 2016 $	December 31, 2015 $
Trade accounts payable	**300,431**	299,133
Accrued payables	**167,116**	396,505
Other	**11,583**	14,482
	479,130	710,120

Trade accounts payable are non-interest bearing and are normally settled on 30 to 60 day terms. As at September 30, 2016, the Corporation has $161,300 (December 31, 2015 - $177,458) in accounts payable beyond 60 days.

8. 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, 2014	39,574,791	14,934,913
Shares issued on acquisition of Vanado (i) (note 5(a))	818,639	1,006,720
Shares issued on exercise of stock options (ii)	837,416	457,048
Fair value on exercise of stock options (ii)	-	374,104
Shares issued on exercise of warrants (iii)	1,625,564	612,714
Fair value on exercise of warrants (iii)	-	646,555
Shares issued on acquisition of assets from Mevia (iv) (note 5(b))	600,000	1,650,000
Shares issued through short form prospectus (v)	5,566,000	12,523,500
Share issue costs – Underwriters fees (v)	-	(876,645)
Share issue costs – Legal and other (v)	-	(384,131)
Balance, December 31, 2015	**49,022,410**	**30,944,778**
Repurchase of shares (vi)	(2,000,000)	(130,000)
Fair value adjustment of repurchase of shares (vi)	-	(1,132,475)
Repurchase of shares (vii)	(2,300,000)	(149,500)
Fair value adjustment of repurchase of shares (vii)	-	(1,302,346)
Issue of shares on acquisition of Vanado (viii)	500,000	77,500
Balance, September 30, 2016	**45,222,410**	**28,307,957**

(i) 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 5(a)).

8. SHARE CAPITAL *(continued)*

(ii) 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 options 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.

(iii) 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.

(iv) On April 30, 2015, the Corporation acquired certain assets of Mevia (note 5(b)) by issuing 600,000 common shares of the Corporation at a price of $2.75 per share.

(v) 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.

(vi) On July 6, 2016 the Corporation repurchased 2 million common shares of the Corporation for cancellation from 1320678 Alberta Ltd. ("132") at a deemed price of $0.065 per share. 132 is controlled by the former President and CEO ("CEO") of the Corporation. Proceeds from this share re-purchase were used to settle the Note Receivable from 132, with the balance settled in cash. These 2 million shares were immediately cancelled on re purchase. The average carrying value of the share capital as at the date of the buy-back was calculated at $0.6312 per share, resulting in a discount of $0.5662 per common share. The resulting discount of $1,132,475 was credited to contributed surplus.

(vii) On August 18, 2016 the Corporation repurchased 2.3 million common shares of the Corporation for cancellation from a company controlled by the former Chief Revenue Officer ("CRO") for a deemed price of $0.065 per share. Proceeds from this share repurchase were used to settle the corresponding Note Receivable (note 12(b)), with the balance to be settled in cash. These 2.3 million shares were immediately cancelled on re-purchase. The average carrying value of the share capital as at the date of the buy-back was calculated at $0.6312 per share, resulting in a discount of $0.5662 per common share. The resulting discount of $1,302,346 was credited to contributed surplus.

(viii) On September 30, 2016, 500,000 additional common shares were issued at a fair market value of $0.155 as part of the final post-closing payment to settle the contingent consideration related to the acquisition of Vanado.

8. SHARE CAPITAL *(continued)*

The weighted average number of common shares outstanding and used to calculate basic and diluted loss per share for the three and nine months ended September 30, 2016 are 46,099,584 and 48,044,592 respectively (three and nine months ended September 30, 2015 are 47,596,533 and 43,143,427 respectively). The Corporation excluded all stock options and warrants from the calculation of diluted loss per share for the three and nine months ended September 30, 2016 and 2015 as they would be anti-dilutive.

As at September 30, 2016, a total of Nil common shares (December 31, 2015 – 3,272,116) were held in escrow pursuant to TSXV requirements. Shares previously held in escrow were released from escrow on March 11, 2016.

9. 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 10 for further details on these plans.

Contributed Surplus

	$
Balance, December 31, 2014	1,117,616
Stock-based compensation expense	1,223,768
Exercise of stock options	(371,016)
Balance, September 30, 2015	1,970,368
Balance, December 31, 2015	2,347,555
Stock-based compensation expense	263,599
Expiry of warrants	146,538
Fair value adjustment of repurchase of shares (Note 8(vi))	1,132,475
Fair value adjustment of repurchase of shares (Note 8(vii))	1,302,346
Balance, September 30, 2016	**5,192,513**

Warrants

	$
Balance, December 31, 2014	1,196,919
Exercise of warrants	(324,971)
Balance, September 30, 2015	871,948
Balance, December 31, 2015	550,364
Expiry of warrants	(146,538)
Balance, September 30, 2016	**403,826**

10. 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 of the Corporation non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant.

Summaries of the Plan transactions for the nine months ended September 30, 2016 and year ended December 31, 2015 are as follows:

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

	For the nine months ended September 30, 2016		For the year ended December 31, 2015	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at beginning of period	4,435,083	1.05	3,732,500	0.72
Options granted	165,000	0.60	1,915,000	1.54
Options cancelled / forfeited	(3,691,665)	(1.08)	(375,001)	(1.44)
Options exercised during the period	-	-	(837,416)	(0.55)
Outstanding at end of period	908,418	0.81	4,435,083	1.05

The weighted average market price on the date of exercise during the year ended December 31, 2015 was $2.87.

The following provides a summary of options outstanding and exercisable as at September 30, 2016:

Options outstanding			Options exercisable		
Outstanding at September 30, 2016	Weighted average remaining contractual life	Weighted average exercise price $	Exercisable at September 30, 2016	Weighted average remaining contractual life	Weighted average exercise price $
321,750	2.57 years	0.33	321,750	2.57 years	0.33
263,334	2.95 years	0.75	186,667	2.95 years	0.75
16,667	3.16 years	3.65	16,667	3.16 years	3.65
16,667	3.45 years	2.65	16,667	3.45 years	2.65
10,000	3.91 years	1.09	10,000	3.91 years	1.09
250,000	3.94 years	1.20	183,334	3.94 years	1.20
30,000	4.38 years	0.60	-	4.38 years	0.60
908,418	3.16 years	0.81	735,085	3.06 years	0.79

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 nine months ended September 30, 2016	For the year ended December 31, 2015
Fair value of options	$0.49	$0.65 to $2.42
Exercise price	$0.60	$1.54
Share price	$0.60	$1.54
Dividend yield	0%	0%
Forfeiture %	8.65%	3.90%
Risk-free interest rate	0.65%	0.80%
Expected life of options	5.0 years	5.0 years
Expected volatility	120%	125%

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

The forfeiture rate has been estimated based on past experience.

The Corporation recorded stock-based compensation expense for options of negative $78,933 and positive $263,599 (2015 - $513,301 and $1,223,768) with an offsetting increase to contributed surplus in respect of the stock options during the three and nine months ended September 30, 2016 respectively. Nil (2015 – 830,750) stock options were exercised during the nine months ended September 30, 2016 and as a result $Nil (2015 - $371,016) was transferred to share capital from contributed surplus.

Summaries of warrant transactions for the nine months ended September 30, 2016 and year ended December 31, 2015 are as follows:

		For the nine months ended September 30, 2016		**For the year ended December 31, 2015**
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Outstanding at beginning of period	1,396,951	0.45	3,022,515	0.41
Warrants expired	(342,720)	0.75	-	-
Warrants exercised	-	-	(1,625,564)	0.38
Outstanding at end of period	1,054,231	0.36	1,396,951	0.45

The following provides a summary of warrants outstanding as at September 30, 2016:

Warrants outstanding		
Outstanding at September 30, 2016	**Weighted average remaining contractual life**	**Weighted average exercise price $**
1,054,231	2.12 years	$0.36

11. INTEREST

Interest income (expense) consists of the following:

	For the three months ended September 30,2016 $	For the three months ended September 30, 2015 $	**For the nine months ended September 30, 2016 $**	For the nine months ended September 30, 2015 $
Interest income	**13,861**	32,422	**51,918**	51,055
Interest and bank charges	**(7,749)**	(7,064)	**(30,769)**	(25,017)
	6,112	25,358	**21,149**	26,038

12. RELATED PARTY TRANSACTIONS

(a) The Corporation considered its key management personnel to be its Chief Executive Officer, Chief Operating Officer, Chief Relationship Officer, Chief Financial Officer, Chief Technology Officer and directors. Key management compensation is composed of payroll, stock based compensation and consulting fees paid to key management and companies controlled by key management. During the three and nine months ended September 30, 2016, key management compensation amounted to $660,238 and $1,526,512 respectively (2015 - $345,711 and $955,784), split between general and administrative sales and marketing, development, operations, and stock-based compensation expenses, based on work performed.

During the nine months ended September 30, 2016, the Chief Executive Officer, Chief Relationship Officer, Chief Technology Officer and the Chief Financial Officer resigned. Total severance paid to these key management personnel amounted to $743,238.

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2016 was $1,082,011 and $3,875,062, respectively (2015 - $2,495,437 and $6,160,047), 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 April 28, 2015. The loan agreements were amended to extend the maturity date to April 28, 2017. These promissory notes were repaid in fully during the quarter ended September 30, 2016 (Refer to Note 8 (vi) & (vii)).

13. COMMITMENTS AND CONTINGENCIES

(a) Commitments

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

	London	Calgary	Total
	$	$	$
2016	8,200	6,000	14,200
2017	2,700	14,000	16,700
	10,900	**20,000**	**30,900**

(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.

The Corporation believes that this claim is without merit and litigation counsel has been authorized and instructed to vigorously defend against the claims and, accordingly, the Corporation has not accrued a provision relating to the claim.

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. This claim was settled on November 4, 2016, for an immaterial amount and the party has provided a full release to the Corporation.

14. 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.

	September 30, 2016 $	December 31, 2015 $
Share capital	**28,307,957**	**30,944,778**
Warrants	**403,826**	**550,364**
Contributed surplus	**5,192,513**	**2,347,555**
Accumulated other comprehensive income (loss)	**(204,663)**	**17,561**
Deficit	**(28,485,808)**	**(23,267,386)**
Total capital	**5,213,825**	**10,592,872**

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to capital risk management has not changed during the nine months ended September 30, 2016.

15. 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.

(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 credits collectable from the government of Alberta. The Corporation minimizes credit risk by monitoring the amount receivable and the financial position of the debtors.

Approximately 94% of the Corporation's revenue during the nine months ended September 30, 2016 (2015 - 32%) was generated from 4 (2015 – 2) customers.

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

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they come due. As at September 30, 2016, the Corporation has cash and cash equivalents of $5,655,388 (December 31, 2015 - $10,489,615) and has a positive net working capital position of $5,213,825 (December 31, 2015 - $7,428,490) 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 September 30, 2016, the Corporation's exposure to currency risk is limited to cash and cash equivalents of US $186,564 (December 31, 2015 - US $338,718); GBP Nil (December 31, 2015 – GBP 389,938), Euro 63,109 (December 31, 2015 – Euro Nil), trade and other payables of US $250 (December 31, 2015 - US $296,774); GBP 46,692 (December 31, 2015 – GBP 7,644); Euro Nil (December 31, 2015 – Euro Nil) and trade and other receivables of US $Nil (December 31, 2015 – US $11,382); Euro Nil (December 31, 2015 – Euro 2,697). A 1% change in the exchange rate between the Canadian and US dollar, GBP and Euro would have a $2,027 (2015 – $3,500) impact on the net income and cash flows of the Corporation.

(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 September 30, 2016, the Corporation is not exposed to any interest rate risk.

16. 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.

17. LONG-TERM INVESTMENT

During the nine months ended September 30, 2016, the Corporation was made aware of a potentially valid dispute relating to the ownership of its long-term investment. Accordingly, the Corporation has written off the investment.

18. SUBSEQUENT EVENTS

(a) On October 3, 2016 the Corporation closed on a non-brokered private placement ("Offering"). Pursuant to the Offering, the Corporation issued a total of 27,272,727 common shares at $0.11 per share for aggregate gross proceeds of $3,000,000.

(b) On October 31, 2016, 148,418 stock options were forfeited, which had an average exercise price of $1.06.

(c) On November 4, 2016, 5,300,000 stock options were granted to certain directors and officers of the Corporation at an exercise price of $0.16 per share.

(d) On October 26, 2016, the Corporation dissolved its foreign subsidiary, Vogogo USA Inc.

(e) On October 31, 2016, the Corporation dissolved its foreign subsidiary, Vanado Inc.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.