

VOGOGO INC.

Management's Discussion and Analysis

For The Three Months and Year Ended December 31, 2017

Vogogo Inc.

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MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion & Analysis ("MD&A") is intended to provide readers with the information that management ("Management") of Vogogo Inc. ("Vogogo" or the "Corporation") believes is required to gain an understanding of the financial results of the Corporation for the three months and years ended December 31, 2017 and 2016, and to assess the Corporation's future prospects. Accordingly, certain sections of this report contain forward-looking statements and forward-looking information (collectively, "Forward-Looking Information" as defined under applicable Canadian securities laws), which are based on current plans and expectations. See under the heading "Special Note Regarding Forward Looking Information". Additional information relating to Vogogo is available under Vogogo's profile on www.sedar.com.

This MD&A, presented and dated as of February 20, 2018, should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2017 and 2016.

All currency amounts in the accompanying financial statements and this MD&A are in Canadian dollars unless otherwise noted.

Special Note Regarding Forward Looking Information

Certain statements in this MD&A, other than statements of historical fact, may include Forward-Looking Information that involves various risks and uncertainties. These can include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties may have a material impact on future prospects and may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. Since actual events and results could differ materially, the reader is cautioned not to place undue reliance on any Forward-Looking Information. The Corporation assumes no obligation to update Forward-Looking Information should circumstances or Management's estimates or opinions change, except as required by law.

Business Overview

Vogogo was created to become a specialized payment processing business with associated risk management capability. The Corporation spent recent years developing and launching technologies that enabled secure and compliant online transaction processing for businesses.

During the first half of 2016, following a strategic review process announced by Vogogo, the board of directors of the Corporation (the "Board") decided to discontinue payment-processing operations in order to preserve the Corporation's cash position.

The Corporation advised its remaining clients that it would cease to process payments by September 30, 2016. Prior to making this determination, the Board reviewed strategic alternatives that focused on increasing shareholder value, which included, but were not limited to, a modified plan for continuing the business; the sale or combination of Vogogo's payment and risk management assets to or with another firm; a strategic vend-in, amalgamation, reverse amalgamation or similar transaction; a sale of one or more corporate assets; and/or a strategic business combination or strategic partnership. Ultimately, the Board concluded that suspending all operations and seeking a suitable vend-in opportunity was in the best interests of the Corporation and its shareholders. The Board is currently assessing multiple options to vend one or more other viable businesses into the Corporation. There is no assurance that this process will result in any future transaction.

On July 5, 2016, the Corporation completed the disposition of certain of its assets known as the "Vogogo Risk and Rules Engine" (the "Sale Transaction") to Mevia, an arm's length private risk management and consulting services company (the "Purchaser"). Vogogo had originally purchased the Vogogo Risk and Rules Engine from Mevia. The Sale Transaction involved the disposition of the Corporation's transaction risk management platform. Pursuant to the Sale Transaction, the Purchaser acquired the Vogogo Risk and Rules Engine and all associated liabilities 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 up to \$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 agreement entered into in the second quarter of 2015 among Mevia, its shareholders and the Corporation, wherein the Corporation acquired the Vogogo Risk and Rules Engine. As a result, the balance of the corresponding intangible asset of \$2,687,426 was fully written off during 2016 and estimated contingent consideration payable of \$2,219,893 was also eliminated.

In addition to information contained herein, further details concerning the Corporation are provided in the historical financial statements and related management's discussion and analysis, which have been filed under the profile of the Corporation at www.sedar.com.

The Corporation's head office address is PO Box 34023, Westbrook PO, Calgary, Alberta T3C 3W2 and the registered office address is 4600, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1.

Discontinued Operations

During the year ended December 31, 2016, the Corporation formed a special committee of the Board to consider strategic alternatives to its previous operations. As a result, the Corporation suspended its payment processing and transaction risk management businesses, and is currently pursuing alternative business opportunities. As such, the Corporation's profit or loss and cash flows were split between continuing and discontinued operations for the year ended December 31, 2016. There were no discontinued operations during the year ended December 31, 2017.

Details of the Corporation's discontinued operations are as follows:

	December 31, 2017	December 31,
	\$	2016 \$
REVENUE	-	675,147
EXPENSES		
General and administrative	-	1,753,309
Sales and marketing	-	1,076,218
Development and operations	-	1,887,909
Stock-based compensation	-	68,725
Amortization – property and equipment	-	1,465
Amortization – intangible assets	-	322,491
	-	5,110,117
Loss from discontinued operations	-	(4,434,970)
Foreign exchange gain	-	6,817
Loss on impairment of intangible assets	-	(2,687,426)
Loss on impairment of long-term investment	-	(145,000)
Loss on wind down of subsidiaries and elimination of foreign exchange and related accumulated other comprehensive income	-	(432,729)
Interest and bank charge expenses	-	(33,691)
Changes in fair value on contingent consideration payable	-	2,519,660
Net loss from discontinued operations	-	(5,207,339)
OTHER COMPREHENSIVE INCOME		
Exchange gain (loss) on translation of foreign operations	-	(17,561)
Comprehensive loss from discontinued operations	-	(5,224,900)

The Focus for 2018

In the latter half of 2016 and into 2017, the Board has been focused on identifying a vend-in opportunity for Vogogo with the over-arching goal of leveraging the Corporation's cash in an operating business to create shareholder value. Criteria have been prepared to serve as a guide in assessing candidate vend-in opportunities, and include characteristics such as revenue generation, scalability, strong management team, little or no debt, and readily financeable in current public market. Additionally, there has been particular interest in opportunities that leverage Vogogo's expertise and software assets in the cryptocurrency space. Over 70 candidate opportunities have been reviewed at a high level and, of these, several opportunities qualified for more comprehensive due diligence. As at the date of this MD&A, two candidate opportunities remain of interest and continue to be assessed in detail. While these two opportunities currently appear to be promising vend-in candidates, there is no assurance that a suitable vend-in deal involving either of the opportunities can be completed. While assessing these candidates, the Board continues to seek additional candidate opportunities. It is contemplated that a vend-in deal will be completed in 2018.

BASIS OF PRESENTATION

This MD&A of the results of operations should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2017 and 2016.

The 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 on February 20, 2018.

NON-IFRS MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, may not be comparable with calculation of similar measures for other entities and should be considered non-IFRS measures. These measures are described and presented in order to provide information regarding the Corporation's financial results, liquidity and ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measures. However, they should not be used as an alternative to IFRS measures because they may not be consistent with calculations of other companies. These non-IFRS measures and certain operational definitions used by the Corporation are further explained below.

Cash Flow From Operations

Cash flow from operations is defined as the cash generated or used in operating activities including working capital related to operating activities. It is calculated by adding non-cash items to the comprehensive income and then adding or deducting working capital sources or uses related to operating activities.

	December 31, 2017 \$	December 31, 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from continuing operations	(1,677,489)	(818,385)
Add back (deduct) items not involving cash:		
Stock-based compensation from continuing operations	761,384	281,673
	(916,105)	(536,712)
Changes in non-cash working capital items:		
Trade and other receivables	(4,624)	-
Prepaid expenses and deposits	13,813	-
Trade and other payables	(121,439)	-
	(112,250)	-
Net cash flows used in continuing operations	(1,028,355)	(536,712)
Net cash flows used in discontinued operations	-	(4,826,547)
Net cash used in operating activities	(1,028,355)	(5,363,259)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash flows from discontinued operations	-	8,000
Net cash generated by investing activities	-	8,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units, net of share issue costs	5,915,448	-
Net cash flows from discontinued operations	-	2,792,168
Net cash generated by financing activities	5,915,448	2,792,168
Effect of changes in foreign exchange rates on cash held in foreign currencies relating to discontinued operations	-	(17,561)
Net increase (decrease) in cash and cash equivalents for the year	4,887,093	(2,580,652)
Cash and cash equivalents, beginning of the year	7,908,963	10,489,615
Cash and cash equivalents, end of the year	12,796,056	7,908,963
Supplemental cash flow information:		
Interest paid relating to discontinued operations	-	33,691
Cash and cash equivalents consist of the following:		
Cash held in banks	179,705	358,638
Guaranteed investment certificates	12,616,351	7,550,325
	12,796,056	7,908,963

Summary of Quarterly Results

The following table presents unaudited selected financial data for each of the last eight quarters up to December 31, 2017.

(\$)	Dec 31, 2017	Sept 30, 2017	June 30, 2017	Mar 31, 2017	Dec 31, 2016	Sept 30, 2016	June 30, 2016	Mar 31, 2016
Total assets	12,836,319	6,935,495	7,010,366	7,773,903	8,148,556	6,618,097	10,668,049	16,623,173
Net working capital	12,611,496	6,840,417	6,916,384	6,991,870	7,612,153	5,213,825	6,528,077	5,645,886
Total liabilities	224,823	95,078	93,982	782,033	536,403	1,404,272	4,131,947	8,136,116
Revenue	-	-	-	-	224,862	31,338	254,495	164,452
Net loss and comprehensive loss	(521,495)	(204,208)	(203,073)	(748,713)	(602,639)	(1,041,344)	(1,932,999)	(2,466,303)
Basic and diluted loss per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.04)	(0.05)

Comprehensive loss for the three months ended December 31, 2017 decreased to \$0.5 million compared to \$0.6 million for the same period in 2016. For the year ended December 31, 2017 comprehensive loss decreased to \$1.7 million compared to \$6.0 million for the year ended December 31, 2016. The lower quarterly and annual losses in 2017 were the result of lower general and administrative, sales and marketing, development and operations and stock-based compensation expenses compared to the same periods in 2016 as a result of the discontinuance of the payment processing operations.

RESULTS OF OPERATIONS

Revenues

(\$)	December 31, 2017	December 31, 2016
Revenue – Discontinued Operations	-	675,147

Vogogo's 2017 revenues were \$Nil compared to \$675,147 for 2016. During 2016, Vogogo EU voluntarily applied for and received confirmation of cancellation of its Electronic Money Institution ("EMI") license, and discontinued operations in Europe. Further, the Company decided to suspend all its operations effective June 30, 2016 and subsequently dissolved Vogogo EU Ltd., Vanado Inc. and Vogogo USA Inc. during the second half of 2016. As a result, no revenue was generated during 2017.

General and Administrative

(\$)	December 31, 2017	December 31, 2016
General and administrative expenses – Discontinued Operations	-	1,753,309
General and administrative expenses – Continued Operations	992,206	601,515
TOTAL	992,206	2,354,824

General and administrative (“G&A”) expenses consist primarily of personnel costs, processing costs and overhead expenses relating to the Corporation’s human resource, finance, legal, regulatory and administrative functions. For the year ended December 31, 2017, G&A expenses from continuing operations increased to \$992,206, an increase of \$390,691 when compared to the same period in 2016. Included in the current year G&A is the settlement of a legal claim that was finalized during the first quarter of 2017. The terms of this settlement have been agreed to be kept confidential.

Without this one-time settlement of a legal claim, total G&A for the year ended December 31, 2017 would have been even lower due to cost reduction initiatives that the Corporation had been implementing since early 2016, including the suspension of business operations.

For the year ended December 31, 2017, 93% of G&A expenses related to personnel, consulting, professional fees, settlement of a legal claim and rent while, for the same period in 2016, 49% of G&A expenses related to personnel, consulting, professional fees and rent. A larger percentage of 2016 expenses related to legal, regulatory and administrative costs as compared to 2017.

Sales and Marketing

(\$)	December 31, 2017	December 31, 2016
Sales and marketing expenses – Discontinued Operations	-	1,076,218

Sales and marketing expenses (“S&M”) consist principally of salaries, commissions, travel and other costs associated with the Corporation’s sales force, as well as marketing and commercialization activities including advertising, collateral development and printing, sales training, trade shows and pre-sales technical support. S&M expenses for the year ended December 31, 2017 were \$Nil as compared to \$1,076,218 for the same period in 2016 as the Corporation suspended its operations during the second half of 2016.

Development and Operations

(\$)	December 31, 2017	December 31, 2016
Development and operations expenses – Discontinued Operations	-	1,887,909

Development and operations (“D&O”) expenses included personnel and related equipment costs to develop and support the Corporation’s products. The Corporation expensed all research costs as they were incurred. Development costs were only capitalized if they met the criteria set out by IFRS.

D&O expenses for the year ended December 31, 2017 were \$Nil compared to \$1,887,909 for the same period in 2016 as the Corporation suspended its operations during the second half of 2016.

For the year ended December 31, 2016, 100% of the D&O expenses were related to personnel, consulting and IT expenses.

Amortization

(\$)	December 31, 2017	December 31, 2016
Amortization expense – Discontinued Operations	-	323,956

Amortization expense relate to the property and equipment and intangible assets owned by the Corporation. Specifically, the Corporation owned computer equipment, furniture and fixtures, leasehold improvements and intangible assets to support the Corporation’s operations. These assets were depreciated over their useful lives and impairments, if any, were assessed at every reporting period. During Q3 2016, the Corporation disposed all of its Property and Equipment for a net book value of \$8,000 in cash. Following the Sale Transaction on July 5, 2016, the intangible asset with a net book value of \$2,687,426 was impaired as the Vogogo Risk and Rules Engine was sold for a nominal price to a third party, resulting in \$Nil amortization expense for the year ended December 31, 2017 as compared \$323,956 for the previous year.

Stock-based Compensation

(\$)	December 31, 2017	December 31, 2016
Stock-based compensation – Discontinued Operations	-	68,725
Stock-based compensation – Continued Operations	761,384	281,673
TOTAL	761,384	350,398

Stock-based compensation for the year ended December 31, 2017 relates entirely to stock options valued using the Black Scholes option-pricing model. For the year ended December 31, 2017, 60,000 stock options were granted (2016 – 5,465,000), 230,000 stock options were cancelled or forfeited (2016 – 3,840,083) and no stock options were exercised (2016 – Nil).

On November 21, 2017, the Board of Directors authorized and approved the immediate vesting of all outstanding options. As such, any unamortized expense relating to these options was recognized during the year ended December 31, 2017.

Net Loss and Comprehensive Loss

(\$)	December 31, 2017	December 31, 2016
Net loss	(1,677,489)	(6,025,724)
Comprehensive loss	(1,677,489)	(6,043,285)

The difference between net loss and comprehensive loss for the year ended December 31, 2016 is the result of the foreign exchange gain on translation of foreign operations. During the year ended December 31, 2017, there was no foreign exchange gain or loss on translation of foreign operations as there were no foreign operations in the period.

The Corporation's cash and cash equivalents at December 31, 2017 totaled \$12,796,056 (2016 - \$7,908,963) and the positive net working capital position amounted to \$12,611,496 (December 31, 2016 – \$7,612,153). The Corporation has an accumulated deficit at December 31, 2017 of \$30,970,599 (2016 – \$29,293,110).

Liquidity and Capital Resources

The Corporation optimizes its capital structure with a view to ensuring a strong financial position to support its growth prospects. 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, 2017	December 31, 2016
Share capital	35,074,123	31,222,125
Warrants	2,449,333	403,826
Contributed surplus	6,058,639	5,279,312
Deficit	(30,970,599)	(29,293,110)
Total capital	12,611,496	7,612,153

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.

Related Party Transactions

- (a) While conducting operations, the Corporation considered its key management personnel to be its directors, Chief Executive Officer, Chief Revenue Officer, Chief Financial Officer, Chief Operating Officer and Chief Technology Officer. Key management compensation is composed of salary and benefits severance, stock-based compensation and consulting fees paid to key management and companies controlled by key management. During the year ended December 31, 2017, key management compensation amounted to \$906,900 (2016 - \$1,660,846), split between general and administrative, sales and marketing, development and operations, and stock-based compensation expenses, based on work performed. Key management compensation of \$NIL (2016 - \$1,259,452) has been included in discontinued operations, \$719,011 (2016 - \$281,673) has been included in stock-based compensation and \$187,889 (2016 - \$119,721) has been included in general and administrative expenses. Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$242,979 (2016 - \$4,094,280) for the year ended December 31, 2017, split between general and administrative, sales and marketing, development and operations expenses, based on work performed. Total personnel expenses of \$NIL (2016 - \$3,848,490) have been included in discontinued operations (note 20) and \$242,989 (2016 - \$245,790) has been included in general and administrative expenses.

- (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 bore 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 full during the year.
- (c) As at December 31, 2017, the Corporation had \$69,751 (2016 – \$245,082) in trade and other payables owing to former key management personnel. This amount is unsecured, bears no interest and is due on demand.

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 alleged 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 sought damages in an amount in excess of \$15,000,000.

During the second quarter of 2017, the Corporation entered into a settlement agreement with respect to the above claim such that the claim is no longer outstanding. The settlement amount is included in general and administrative expenses for the year ended December 31, 2017. The terms of the settlement are confidential.

Off-Balance Sheet Arrangements

At the date of this report, the Corporation had no off-balance sheet arrangements.

Outstanding Share Capital

Vogogo is authorized to issue an unlimited number of preferred shares without nominal or par value and an unlimited number of common shares. As at December 31, 2017 and the date of this MD&A, the Corporation had 132,495,137 common shares, 5,890,000 stock options, 60,910,000 warrants convertible into common shares, and no preferred shares outstanding.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments in applying its accounting policies, including estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and 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.

1) Areas of Judgment

Discontinued and continuing operations

Determining the split of revenue and expenses between discontinued and continuing operations requires judgment as to what revenues and expenses were earned and incurred as part of the Corporation's business that was discontinued or operations that continue going forward.

Assumptions and Critical Estimates

(a) 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.

(b) 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 periods in which such determinations are 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.

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, 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 and deposits. 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 and deposits.

The Corporation minimizes credit risk associated with its cash balance substantially by dealing with major financial institutions in Canada. Trade and other receivables consist primarily of accrued interest receivable on the guaranteed investment certificates issued by the Corporation's Canadian bank.

Approximately NIL% of the Corporation's revenue during the year ended December 31, 2017 (2016 - 73%) was generated from NIL (2016 - 4) 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, 2017, the Corporation has cash and cash equivalents of \$12,796,056 (2016 - \$7,908,963) and has a positive net working capital position of \$12,611,496 (2016 - \$7,612,153) in order to manage liquidity risk. Trade and other payables and trust liabilities are expected to be paid as they arise 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, 2017, the Corporation's exposure to currency risk is limited to cash and cash equivalents denominated in US \$77,839 (2016 - US \$274,565). A 1% change in the exchange rate between the Canadian and US dollar would have a trivial impact on the net income and cash flows of the Corporation for the years ended December 31, 2017 and 2016.

(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, 2017 and 2016, the Corporation is not exposed to any interest rate cash flow risk.

Risks and Uncertainties

Since the Board has made the decision to suspend all operations, the Corporation is no longer subject to the risks associated with the legal and economic climate in which it previously operated or the prior stage of development of its operations. However, as the Corporation continues to evaluate its strategic alternatives, it is subject to a number of associated risks. There can be no certainty that the Corporation will be able to successfully implement any strategic alternative going forward. No representation is or can be made as to the future performance of the Corporation and there can be no assurance that the Corporation will achieve its objectives. Accordingly, readers should carefully consider the risks associated with pursuing a strategic alternative, including but not limited to the following:

(a) Ability to Effect Strategic Alternative

The Corporation may not be able to source or effect a suitable strategic alternative in a timely manner or at all.

(b) Additional Capital Requirements

The Corporation's cash reserves may not be sufficient to fund its ongoing activities at all times. Accordingly, the Corporation may need to engage in equity or debt financings to secure additional funds. If the Corporation raises additional funds through further issuances of equity or convertible debt securities, shareholders of the Corporation could suffer significant dilution, and any new equity securities the Corporation issues could have rights, preferences and privileges superior to those of current shareholders. Any debt financing secured by the Corporation in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which might make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities. The Corporation can provide no assurance that sufficient debt or equity financing will be available in a timely manner, or at all.

(c) Dependence on Key Personnel

The success of the Corporation in arranging a strategic alternative will be largely dependent upon the performance of its Board. The unexpected loss or departure of any of the current directors or consultants of the Corporation could be detrimental to the Corporation.

(d) Future Acquisitions

The Corporation may seek to expand its business and capabilities through the acquisition of technology, products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on favorable terms, or that the acquired operations can be profitably operated by the Corporation. To the extent that the board is successful in identifying suitable companies or products for acquisition, the Corporation may deem it necessary or advisable to finance such acquisitions through the issuance of shares, securities convertible into shares, debt financing, or a combination thereof. In such cases, the issuance of shares or convertible securities could result in dilution to the shareholders of the Corporation at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result in, among other things, the encumbrance of certain of the Corporation's assets, impeding the Corporation's ability to obtain bank financing, decreasing the Corporation's liquidity, and adversely affecting its ability to declare and pay dividends to shareholders of the Corporation.

(e) Continued Losses from Operations

As at December 31, 2017, the Corporation has cash and cash equivalents of \$12,796,056 (2016 - \$7,908,963) and has a positive net working capital position of \$12,611,496 (December 31, 2016 - \$7,612,153). However, the Corporation has an accumulated deficit of \$30,970,599 as at December 31, 2017 (2016 - \$29,293,110) and incurred a net loss during the year ended December 31, 2017 of \$1,677,489 (2016 - \$6,043,285). The Corporation suspended all of its operations and is actively seeking business vend-in options.

(f) Legal Risks

The Corporation is subject to legal risks related to operations, contracts, relationships and otherwise, which could result in the Corporation being served with legal claims. Whether or not the claims are legally valid, such claims may result in legal fees, damages, settlement and other costs as well as significant time and distraction of Management and the board.

(g) **Operating Results and Financial Condition May Fluctuate**

Operating results and financial condition may fluctuate from quarter to quarter and year to year, and are likely to continue to vary due to a number of factors, some of which are outside of the Corporation's control. These events could, in turn, cause the market price of the Corporation's shares to fluctuate. If operating results do not meet the expectations of securities analysts or investors, the market price of the Corporation's shares would likely decline.

Due to all of the foregoing factors and risks discussed in this "Risk and Uncertainties" section, individuals should not rely on quarter-to-quarter or year-to-year comparisons of the Corporation's operating results as an indicator of future performance.

Forward-Looking Statements May Prove Inaccurate

Prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks, and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See under the heading "*Special Note Regarding Forward-Looking Information*".

Conflicts of Interest

Conflicts of interest, if any, that arise will be subject to and governed by the procedures prescribed by the Act, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his/her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Act.

Absence of Cash Dividends

The Corporation has not paid any cash dividends to date on the common shares and there are no plans for such dividend payments in the foreseeable future.