FTC CARDS INC.
REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVES FOR THE YEAR ENDED DECEMBER 31, 2016
(Expressed in Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVES FOR THE YEAR ENDED DECEMBER 31, 2016

(Dated: April 27, 2018)

Management's Responsibility for Financial Reporting

These annual audited consolidated financial statements have been prepared by management using Brazilian accounting policies which are essentially identical to "International Financial Reporting Standards – IFRS". The information contained in this document has also been prepared by management and is consistent with the data contained in the annual audited consolidated financial statements.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial statements and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding the Company's status and viability included in the "Liquidity" section are views of management only, and actual results and outcomes could be materially different from management's estimates and expectations. The reader is advised to review risks and exposures related to the Company's operations and reporting, detailed in the sections entitled, "Financial and Capital Risk Management", all of which affect management's views and expectations.

Corporate Structure

FTC Cards Inc. ("FTC Canada" and the "Company") was incorporated under the name "0934977 B.C. Ltd." under the laws of the Province of British Columbia by articles of incorporation dated March 9, 2012. On May 16, 2012, the name was changed to "FTC Cards Inc."

The Company was not initially a reporting issuer (or the equivalent) in any jurisdiction and the common shares of FTC Canada are not listed or quoted for trading on any stock exchange. Following the completion of the Arrangement agreement on July 3, 2012, the Company became a reporting issuer in British Columbia.

The Company was incorporated for the purposes of completing the reorganization whereby pursuant to the terms of the Arrangement agreement between its parent CTF Technologies Inc., ("CTF"), and the purchaser, on July 3, 2012, the Company ceased to be a wholly-owned subsidiary of CTF and all of the issued and outstanding FTC Canada shares were distributed to the former CTF Shareholders.

Following the completion of the Arrangement agreement, FTC Canada owned approximately 90.5% of the equity of FTC Cards Processamento e Serviços de Fidelização Ltda. ("FTC Brazil") and assumed the management of the business of FTC Brazil. FTC Brazil is a limited liability company (*sociedade limitada*) under

the laws of Brazil and was incorporated on April 7, 2011. The balance of the equity in FTC Brazil was held by Technis Planejamento e Gestão em Negócios Ltda. ("Technis"), a limited liability company (*sociedade limitada*) under the laws of Brazil and an unrelated party. On October 17, 2014, with effect from September 30, 2014, at the request of the minority shareholder of FTC Brazil, the 9.5% minority interest represented by 1,750,000 quotas of FTC Brazil owned by the minority shareholder were repurchased and cancelled. As a consequence, FTC Brazil became a wholly-owned subsidiary of FTC Canada on that date.

On December 1, 2017, FTC Brazil officially changed its name to "Syspoints Servicos de Informatica Ltda." ("Syspoints"), to better reflect the nature of its ongoing business services.

The registered and records office of FTC Canada. is located at 1500 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7. The head office of FTC Canada is located at 2000-1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The registered and head office of Syspoints is located at Alameda Tocantins, No. 125, 33rd floor, room 3302, Building 01 of Condomínio West Side - Alphaville, in the city of Barueri, State of São Paulo, Brazil.

Business of the Company

Syspoints was formed in 2011 for the purposes of developing a business of providing data processing to support a program of promotions, awards and loyalty programs and credit card processing targeted at the franchise gas stations of Petrobras Distribuidora S.A. ("**Petrobras**"). Syspoints is continuing the business originally developed by CTF Technologies do Brasil Ltda., a subsidiary of CTF Technologies Inc., under an agreement entered into with Petrobras.

Through the card processing, the Company, was acting as an Acquirer, receiving a portion, determined by contract, of the commission revenues arising from the application of the Merchant Discount Rate, ("MDR") to all credit and debit card transactions processed for fuel and other purchases at designated Petrobras outlets. Revenues are also received from the monthly rental, instalation and maintenance of card processing equipment provided to merchants.

In addition, the Company has developed and is continuing to develop an expanded set of loyalty programs to promote customer brand loyalty for Petrobras and other clients, from which it earns fees on a monthly basis.

The Company's costs of operations include outsourced datacentre processing, communications, call centre operation, and website support for both clients and registered loyalty program users. The in-house costs include staff and other costs for new program development, sales and marketing, administration and other corporate costs.

Going Concern

These annual audited consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Should the Company be unable to continue as a going concern, the basis of reporting the carrying values of assets may be adjusted.

The Company experienced a loss for the year ended December 31, 2017 of ($4,361,000) or ($0.07) per share, as compared to a smaller loss experienced in the prior year of ($2,488,000) or ($0.04) per share. At December 31, 2017, the Company had cash of $2,740,000 on hand, (2016 - $4,833,000) and accumulated working capital available of $1,968,000, (2016 - $4,360,000). As a going concern, the Company is dependent upon its ability to sustain future profitable operations and to maintain access to financing to meet its obligations and repay its liabilities arising from normal business operations as they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

Renewal of Agreement with BR Petrobras:

The Agreement "Instrument for Implementation of BR System of Promotion, Rewards, Loyalty and Acquisition" was signed with BR Distribuidora, ("BR"), in January, 2011 with a term of 60 months and expired in January, 2016. In the fourth quarter of 2015, BR agreed to extend the agreement for an additional one year, recognizing its reliance on the services provided by the Company, on the basis of the existing operations and on the same commercial terms.

Syspoints had implemented very successfully the acquiring system ("BR Network") and the Rewards and Loyalty systems, ("Premmia"), and Management believed that BR would intend to maintain the program structure developed by Syspoints with a few enhancements. Syspoints continued to work on the integration of a technical platform and providing services for loyalty, promotion and incentive campaigns, contemplating a client relationship management program, in order to enable BR to effectively manage all channels of communication and interaction with the existing eight million current participants.

Due to these proprietary tools, and the software development and integration achieved, management believed that the renewal of the relationship would occur, but there was no guarantee that this would occur.

Notice of Cancellation of BR agreement:

In the fourth quarter of 2016, unexpectedly, the Company received notice of termination of the agreement from BR effective January 3, 2017. The consequence of this termination was the loss of all future revenues that would arise through both the credit card processing for BR customer purchases and the revenues generated from the redemption of loyalty points accumulated by the customers.

The Company generates minor revenues from other clients which utilize the Syspoints processing facilities, but termination of the BR contract reduced revenues to a very low level commencing in January, 2017. In response to this cancellation, the Company identified new potential clients in need of loyalty program services, and the Syspoints management began actively pursuing these potential opportunities.

In November, following the BR contract termination notice, management took immediate steps to reduce costs, reducing its office space obligations and reducing its staffing by approximately half to a minimal sustainable level to continue operations to its remaining clients. Management has entered into discussions with potential new clients and is hopeful that new business will be generated from these discussions this year. Presently, management believes on this basis that the Company has sufficient funds available to sustain its operations until a clear path for the future is visible in 2018.

<u>Results of Operations for the Three Months Ended December 31, 2017 and December 31, 2016:</u>

Consolidated revenues for the fourth quarter ended December 31, 2017 amounted to $115,000, down very significantly from the comparable period in 2016 of $2,496,000, a decrease of 95 per cent. The decline reflects the loss of the BR contract revenues from last year. The costs of operations include the costs for card transaction processing, a call centre and technical support for the operations and amounted to $455,000 for the current quarter as compared to the significantly higher costs incurred in the prior comparable quarter of $1,300,000. The higher operating costs in the prior comparative quarter reflect the higher activity from subscriber fuel sales and higher wage costs as compared to the smaller staff and reduced office conditions present at the end of this year.

Other costs, totaling $1,005,000, were significantly lower than in the prior year fourth quarter at $3,114,000, the decrease due primarily to the write-off in the quarter in the prior year of all of the unamortized capitalized software development costs associated with the BR contract, deemed to have little lasting value going forward, amounting to $2,301,000.

As a consequence, the consolidated net loss after taxes for the fourth quarter of 2017 was ($1,352,000) or ($0.02) per share, down from earnings of ($2,223,000) or ($0.03) per share experienced in 2016.

<u>Results of Operations for the Years ended December 31, 2017 and December 31, 2016:</u>

Consolidated revenues for the year were $541,000, which is 96 per cent lower than the prior year level of $14,718,000. The dramatic decline reflects the termination of the contract with BR and the associated high volume of transactions associated with this client, such that the revenues in the current year include only the ongoing processing fees from continuing clients and loyalty revenue derived from a trial with a new client.

The costs of operations include the costs for processing transactions, call centre response and technical support for the operations, and amounted to $2,402,000 in 2017, which is reduced to approximately 22 per cent of those incurred in the prior year of $10,550,000. The decrease in costs reflects the actions taken to reduce staff, the lease obligations and other operating costs in November of the prior year following the cancellation of the BR contract. Overall, a gross margin loss of ($1,861,000), resulted for the year, representing a dramatic decline from that achieved in 2016 of $4,168,000 or 30 per cent.

Other costs in the year include sales and marketing of $134,000, down significantly from $1,630,000 incurred in the prior year, and administration of $1,994,000, down 31 per cent from the 2016 level of $2,886,000.

Total other costs amounted to $2,494,000 for 2017, compared to $6,410,000 incurred in 2016, the significant decrease due to the inclusion in the prior year of the write-off of all unamortized software development costs related to the BR contract, which amounted to $2,301,000, and the benefit of lower sales and marketing and administrative costs, given the significant change in the Company's revenues.

In summary, the net loss for 2017 was ($4,361,000) or ($0.07) per share, as compared to the smaller loss in 2016 of ($2,488,000) or ($0.04) per share.

Selected Annual Financial Information:

	For the year ended December 31, 2017 **$**	**For the year ended December 31, 2016** **$**	**For the year ended December 31, 2015** **$**
Total revenues	541,000	14,718,000	13,867,000
Earnings (Loss) before discontinued operations and extraordinary items:			
(i) total for the year	(4,361,000)	(2,488,000)	(70,000)
(ii) per share	(0.07)	(0.04)	(0.00)
(iii) per share fully diluted	(0.07)	(0.04)	(0.00)
Net Earnings (Loss):			
(i) total for the year	(4,361,000)	(2,488,000)	(70,000)
(ii) per share	(0.07)	(0.04)	(0.00)
(iii) per share fully diluted	(0.07)	(0.04)	(0.00)
Total assets	3,906,000	10,098,000	11,252,000
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per-share	Nil	Nil	Nil

Selected Quarterly Financial Information:

	4th Quarter Ended December 31, 2017 $	3rd Quarter Ended September 30, 2017 $	2nd Quarter Ended June 30, 2017 $	1st Quarter Ended March 31, 2017 $
(a) Revenue	115,000	59,000	172,000	194,000
(b) Profit (Loss) for period	(1,352,000)	(1,031,000)	(1,018,000)	(960,000)
(c) Profit (Loss) per share	(0.02)	(0.01)	(0.02)	(0.02)
	4th Quarter Ended December 31, 2016 $	3rd Quarter Ended September 30, 2016 $	2nd Quarter Ended June 30, 2016 $	1st Quarter Ended March 31, 2016 $
(a) Revenue	2,496,000	5,062,000	3,502,000	3,658,000
(b) Profit (Loss) for period	(2,223,000)	344,000	(667,000)	58,000
(c) Profit (Loss) per share	(0.03)	0.00	(0.01)	0.00
	4th Quarter Ended December 31, 2015 $	3rd Quarter Ended September 30, 2015 $	2nd Quarter Ended June 30, 2015 $	1st Quarter Ended March 31, 2015 $
(a) Revenue	3,463,000	3,130,000	3,696,000	3,578,000
(b) Profit (Loss) for period	(751,000)	(156,000)	(97,000)	934,000
(c) Profit (Loss) per share	(0.01)	(0.00)	(0.00)	0.01

All of the financial information reported in the table above is in accordance with IFRS reporting standards.

Revenues for the fourth quarter were still lower at $115,000, reflecting the small contribution from existing clients. Operating costs continued to exceed revenues, resulting in a gross margin loss, as in

previous quarters. Other costs, while contained, caused the overall loss to be higher at ($1,352,000) or ($0.02) for this quarter.

Revenues for the third quarter continued low at $59,000, and while operating costs were lower also, they exceeded the revenues, such that a loss for the quarter of ($1,031,000) resulted. Other costs were lower as well. Management continues its search for new business.

Revenues for the second quarter were consistent with the prior quarter and significantly lower than prior periods due to the loss of the BR contract. Operating costs are still high due to retaining operational staff to support new business in the near term. Consequently, the Company experienced a loss of ($1,018,000) for the quarter.

Revenues for the first quarter of 2017 fell significantly with the loss of the BR contract and costs were reduced by approximately 50% to contain the costs as a result. The Company suffered a loss of ($960,000) for the quarter.

Revenues for the fourth quarter of 2016 declined due to lower transaction volumes and more particular the weaker Real. Operating costs were lower as well due to reductions in staffing and office costs effected after the cancellation of the BR contract was received. In addition, other costs were significantly higher in the quarter as a one-time charge to write-off the unamortized software costs re the BR association amounting to $2,301,000 was recorded. Consequently, a loss for this quarter of ($2,223,000) or ($0.03) was sustained.

Revenues in the third quarter of 2016 were higher due primarily to the stronger real, plus some gain in fuel prices, offset by lower transaction volumes. However, the revenue gains were offset by higher costs of operations such that the gross margin was in line with the prior comparable period in 2015. Other costs were down 16 per cent so that a small profit was realized for the quarter.

In the second quarter of 2016, revenues were consistent with prior periods, but operating costs were substantially reduced such that the gross margin more than doubled that of the comparable quarter last year. However, higher sales and marketing costs erased the margin gain and a loss of ($667,000) resulted for the quarter.

For the first quarter of 2016, revenues were slightly higher than for the previous quarter and the comparable first quarter of 2015 due to higher sales volumes and an improved pricing for fuel this year. However operating costs were significantly higher due to a new focus on loyalty program functionality and higher staff costs this year. Consequently a smaller profit resulted in the quarter of $58,000 or $0.00 per share.

Revenues for the fourth quarter were in line with those of the previous quarters as both pricing and volumes were higher, but these gains were offset by the weakening Real. However, higher wages granted to staff, an increase in staff numbers and higher operating costs all served to erode the revenues and a loss of ($751,000) or ($0.01) resulted for the quarter.

Revenues declined in the third quarter of the year due to continued weakening of the Real although volumes and pricing showed small increases, and the gross margin increased 5 per cent. Costs were also lower due to the F/X impact. Other costs of operatioins were lower as well due in part to management restraint. For the quarter, the Company experienced another small loss of ($156,000) or ($0.00) per share.

In the second quarter of this year, the Company reported lower revenues of $3,696,000 due primarily to the weakening of the Brazilian Real, down eight per cent from the previous quarter, although fuel prices and volumes are lower than the previous quarter levels also. Due to seasonality variations, operating costs rose over the prior quarter, such that the gross margin declined to 29 per cent. Other costs were down 16 per cent. For the quarter, the Company suffered a small loss of ($97,055) or ($0.00) per share.

Revenues for the first quarter of 2015 rose 6 per cent to $3,577,000, showing some growth in spite of an approximate 10 per cent exchange decline due to a weaker Brazilian Real this year as well as first quarter

seasonality of sales revenues. In addition, a significant increase in expenditures for both sales and marketing and administration was experienced. Nevertheless, a profit was earned this quarter of $934,000 or $0.01 per share.

Capital:

Authorized: Unlimited number of Common shares without par value,

Issued:

	Number of Shares	Amount $
Balance, March 9, 2012	1	1
Issued on completion of the arrangement	58,351,052	8,305,105
Balance, December 31, 2012, 2013, 2014, 2015, 2016, 2017 and April 26, 2018	58,351,053	8,305,106

Liquidity:

On March 9. 2012, the Company was incorporated and one common share of the capital of the Company was issued for cash proceeds of $1. On July 3, 2012, the arrangement transaction as reported above, was completed and as part of the spin-out transaction, the Company received $509,000 (US$500,000) cash funding from the purchaser on behalf of the new FTC shareholders. In addition, as part of the spin-out transaction, the Company received 16,742,959 shares or quotas of Syspoints, with the attributed value of these shares acquired by CTF of $7,796,105 and representing 90.5 per cent of the total equity of Syspoints, and in exchange, FTC Canada issued 58,351,052 new common shares of the Company to CTF, such shares being immediately dividended out by CTF to the existing CTF shareholders.

In 2013, the Company’s net earnings of $581,000, when adjusted for non-cash items and working capital account changes, generated cash flow from operations of $5,092,000. In addition, the Company’s minority shareholder, Technis, advanced further funds of $832,000. Offsetting these cash inflows, cash outflows for capital expenditure disbursements for hardware and software additions of $223,000 and $356,000 respectively were made, and an investment of $200,000 as part of an acquisition strategy for additional loyalty software capabilities, was also made in the year.

In 2014, the Company continued to generate profits from operations amounting to $1,364,000, which when adjusted for non-cash items and working capital account changes provided a cash drawdown from operations of ($1,067,000).

Also, during the year, at the request of the minority shareholder, Syspoints repurchased all of the shares held by the minority shareholder and cancelled these, such that FTC Canada became the sole shareholder and Syspoints became a wholly-owned subsidiary of FTC Canada, and used $1,128,000 of its funds on hand to complete this share repurchase. Concurrent with the share buy-back, the Company repaid the loan from the minority shareholder and expended additional cash of $831,920 to make this repayment. The Company also made purchases of equipment and software enhancements totaling $817,000 in the year.

As a consequence, the net cash flow from operations, net of these capital expenditures, the share re-purchase and the loan repayment, and an adjustment for the impact of foreign currency translation, yielded a net cash

drawdown of $4,500,000 to the opening balance of cash on hand of $6,576,000 to yield a closing cash position of $2,076,000 available for future operational needs.

For 2015, the Company experienced a loss from operations of ($70,000), which after adjustments for the non-cash items, resulted in a cash flow from operations of $3,972,000. However, the Company also expended approximately $1,000,000 for additions primarily to its software applications to expand its loyalty program capabilities in the year, and when taking into account the impact of exchange changes, the net cash flow resulted in a gain in cash on hand of $579,000, which when added to the opening balance of cash on hand of $2,076,000 yielded a closing cash position of $2,655,000 available to fund future operations

In 2016, a further loss from operations was recorded of ($2,488,000), which after adjustments for non-cash items and changes in working capital accounts, yielded a positive cash contribution to operations of $2,123,000. However, in the expectation that BR would renew the contract, the Company expended $585,000 for additional software development to meet BR program on-going demands in the year. Offsetting this expenditure, while the exchange rate for the Real fluctuated in the year, the Real strengthened at year-end, year over year, and as a consequence an exchange gain resulted of $1,277,000. In summary, the Company actually increased its cash at year-end by $2,178,000, and held $4,833,000 at December 31, 2016.

For 2017, the Company suffered another loss from its operations amounting to ($4,361,000), which after adjustments for non-cash items and working capital changes in the year, resulted in a cash drawdown of ($4,103,000). Offsetting this, the Company obtained release of cash held by a Brazilian bank of $2,485,000. As a result of this infusion, but after the impact foreign exchange translation of the Brazilian operations, the Company experienced a reduction of its cash reserves of ($2,093,000), and held cash of $2,740,000 to fund its operations in 2018.

At this time, while management has acted to reduce day-to-day operating costs while maintaining key staff to support its present customers, and to continue its efforts to attract new business and thereby increase revenues from the current level, which do not match the level of costs incurred, management contemplates that additional funds may be required for the continued operation of the Company in the year, and if so, management will attempt to raised funds by the issuance of new common shares of equity.

Related Party Transactions

The financial statements include the financial statements of FTC Cards Inc. and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Syspoints Servicos de Informatica Ltda.	Sao Paulo, Brazil	100%	Operating company

New Standards Not Yet Adopted:

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements.

Rules, changes and interpretations of standards that are not yet in force

The following changes in the existing rules and interpretations were published prior or during the current year, with initial adoption intended for future accounting periods. The Company anticipates no impact as a consequence of the adoption by the Company of these new pending requirements.

IFRS 9 Financial Instruments

IFRS 9 will be in effect for years ended as from January 01, 2018. This new standard has three main categories for classification and measurement of financial assets: (i) Amortized cost; (ii) Fair Value recorded through Other Comprehensive Income (Loss); and (iii) Fair Value recorded through Income (Loss) for the year (residual category). One of the main changes is related to financial assets classified in the category of "Fair Value through Other Comprehensive Income (Loss)", being also applicable to certain financial liabilities which meet certain classification criteria. Therefore, the financial instruments in the category "Fair Value through Other Comprehensive Income (Loss)" are recorded in the balance sheet through its fair value (to reflect cash flows expected from sales), being the part related to amortized cost recorded in income (loss) for the year (to reflect the receipt of contractual cash flows), and the difference recorded in Other Comprehensive Income (Loss), being later recycled to income (loss) for the year when the financial instrument is sold/written off. The other main change is related to impairment of financial assets, such as allowances for doubtful accounts, in which the model of "expected loss" replaces the model of "incurred loss". The new model of "expected loss" shall cause material impacts for all entities holding financial instruments in the categories of "Amortized Cost" and "Fair Value through Other Comprehensive Income (Loss)".

IFRS 15 Revenues from contracts with customers:

IFRS 15 will be effective for the years ended as from January 01, 2018. This new standard has significantly more guidelines and requirements compared with the existing standards and interpretations. In the new standard, revenues shall be recognized taking into consideration the following five criteria that need to be met: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price for each performance obligation; and (v) recognize revenue only when each performance obligation is satisfied. The adoption of this new standard may result in the fact that in many entities the timing and nature of revenue recognition shall be modified.

IFRS 16 Leases:

IFRS 16 will be effective for the years ended as from January 01, 2019. This new standard replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The accounting requirements for lessors remain substantially the same in comparison with the standards currently in effect. However, there are significant changes for lessees as IFRS 16 determines a single model for them, by eliminating the distinction between financial and operating lease in a way to result in a balance sheet reflecting a "right of use" of assets and a related financial liability. Therefore, for many entities, the effect of recording all lease transactions in the balance sheet may be very significant.

The Company and its subsidiary has analyzed these standards and concluded that they will not cause significant impact in the financial statements.

Financial and Capital Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company has various financial instruments including cash, trade accounts receivable and various accounts payable and accrued liabilities. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held in large Canadian and Brazilian financial institutions in interest bearing accounts.

The Company's trade and other accounts receivable consist mainly of amounts from Cielo and Petrobras and for HST and VAT receivable due from the governments of Canada and Brazil respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Liquidity above. Accounts payable relating to the Company's operations and other accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because these investments roll over daily.

b) Foreign currency risk

The Company's subsidiary operates in Brazil and consequently is subject to fluctuations in the exchange rate of the Brazilian real to the Canadian dollar. The Company does not undertake any hedging activity against this significant foreign currency risk.

The exchange rates at the period-end close for $ 1.00 Canadian Dollar are as follows:

December 31, 2017:	$ 2.6406 Brazilian Reais
December 31, 2016:	$ 2.4242 Brazilian Reais
December 31, 2015:	$ 2.8620 Brazilian Reais

December 31, 2014:	$ 2.2910 Brazilian Reais
December 31, 2013:	$ 2.0277 Brazilian Reais
December 31, 2012:	$ 2.0580 Brazilian Reais
December 31, 2011:	$ 1.8322 Brazilian Reais

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly fuel, as the Company's revenues directly reflect the pricing of fuels sold to fleet and vehicle owners. The Company currently does not undertake any hedging activity against this exposure.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Events After the Reporting Date:

In March, 2018, the Company sold all of its investment in Snipp Interactive and received cash proceeds of approximately $190,000, available for its operations in Canada.