RIWI CORP.

FINANCIAL STATEMENTS

As at December 31, 2016 and 2015 and for the years then ended
(Expressed in Canadian Dollars)

RIWI CORP.

Management's Report

To the Shareholders of RIWI Corp.:

The financial statements have been prepared by management, on behalf of the Board, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates preparing these financial statements. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that such disclosure controls and procedures are effective. Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements. An independent firm of Chartered Professional Accountants is appointed by the Company's shareholders to give an opinion on the financial statements based on their audit outlined in their Auditor's Report.

"Neil Seeman" (signed)

Neil Seeman
Chief Executive Officer

"Robert Pirooz" (signed)

Robert Pirooz
Director

Toronto, Ontario
April 25, 2017

KPMG

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Shareholders of RIWI Corp.

We have audited the accompanying financial statements of RIWI Corp., which comprise the statements of financial position as at December 31, 2016 and 2015, the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RIWI Corp. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that RIWI Corp. has incurred significant losses and negative cash flows from operations and has an accumulated deficit. These conditions, along with other matters as set forth in Note 1 in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about RIWI Corp.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants
April 25, 2017
Vancouver, Canada

RIWI CORP.
Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2016 $	December 31, 2015 $
Assets		
Current assets		
Cash	438,119	210,063
Term deposit	25,000	–
Accounts receivable (Note 5)	346,072	103,788
Prepaid expenses	34,786	26,354
Total current assets	843,977	340,205
Intangible assets, net (Note 7)	22,558	23,890
Total assets	866,535	364,095
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 14)	105,252	101,016
Deferred revenue	221,380	–
Total liabilities	326,632	101,016
Shareholders' equity		
Share capital	4,058,500	2,392,696
Reserves	953,048	567,673
Deficit	(4,471,645)	(2,697,290)
Total shareholders' equity	539,903	263,079
Total liabilities and shareholders' equity	866,535	364,095

Nature of business and continuing operations (Note 1)
Commitment (Note 16)
Subsequent event (Note 17)

Approved and authorized for issuance on behalf of the Board on April 25, 2017:

/s/ Neil Seeman
Neil Seeman, Chief Executive Officer

/s/ Robert PIrooz
Robert Pirooz, Director

(The accompanying notes are an integral part of these financial statements)

RIWI CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
Sales	808,524	755,765
Expenses		
General and administrative (Note 13)	1,334,006	973,342
Sales and marketing	399,346	47,259
Technology costs (Note 14)	849,527	504,440
Total expenses	2,582,879	1,525,041
Loss before other income (expense)	(1,774,355)	(769,276)
Other income (expense)		
Interest income	–	1,929
Public listing application	–	(83,141)
Total other income (expense)	–	(81,212)
Net loss and comprehensive loss for the year	(1,774,355)	(850,488)
Net loss per share, basic and diluted	(0.12)	(0.06)
Weighted average number of common shares outstanding	15,282,309	14,827,773

(The accompanying notes are an integral part of these financial statements)

RIWI CORP.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves					
	Shares #	Amount $	Stock-based compensation reserve $	Warrants reserve $	Equity portion of convertible debenture $	Total reserves $	Deficit $	Total equity $
Balance, December 31, 2014	14,827,148	2,390,553	274,755	–	–	274,755	(1,846,802)	818,506
Stock-based compensation	–	–	263,512	–	–	263,512	–	263,512
Fair market value of share purchase warrants issued for services	–	–	–	19,941	–	19,941	–	19,941
Share purchase warrants exercised	2,500	2,143	–	–	–	–	–	2,143
Issuance of convertible debenture	–	–	–	–	35,000	35,000	–	35,000
Redemption of convertible debenture	–	–	–	–	(25,535)	(25,535)	–	(25,535)
Net loss for the year	–	–	–	–	–	–	(850,488)	(850,488)
Balance, December 31, 2015	14,829,648	2,392,696	538,267	19,941	9,465	567,673	(2,697,290)	263,079
Stock-based compensation	–	–	377,525	–	–	377,525	–	377,525
Issuance of common shares and warrants for cash, net of issuance costs	652,178	1,594,290	–	26,224	–	26,224	–	1,620,514
Share purchase warrants exercised	62,000	71,514	–	(18,374)	–	(18,374)	–	53,140
Net loss for the year	–	–	–	–	–	–	(1,774,355)	(1,774,355)
Balance, December 31, 2016	15,543,826	4,058,500	915,792	27,791	9,465	953,048	(4,471,645)	539,903

(The accompanying notes are an integral part of these financial statements)

RIWI CORP.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
Operating activities		
Net loss for the year	(1,774,355)	(850,488)
Items not involving cash:		
Accretion of convertible debenture	–	9,464
Amortization of intangible assets	1,332	1,534
Depreciation of property and equipment	–	4,605
Share-based payments	–	19,941
Stock-based compensation	377,525	263,512
Changes in non-cash operating working capital:		
Accounts receivable	(242,284)	(56,176)
Prepaid expenses	(8,432)	(26,354)
Accounts payable and accrued liabilities	4,236	50,737
Deferred revenue	221,380	(23,202)
Net cash used in operating activities	(1,420,598)	(606,427)
Investing activities		
Term deposit	(25,000)	–
Net cash used in investing activities	(25,000)	–
Financing activities		
Proceeds from issuance of convertible debenture	–	280,000
Repayments of convertible debenture	–	(280,000)
Proceeds from issuance of common shares	1,643,864	–
Share issuance costs	(23,350)	–
Proceeds from exercise of share purchase warrants	53,140	2,143
Net cash provided by financing activities	1,673,654	2,143
Increase (decrease) in cash	228,056	(604,284)
Cash, beginning of year	210,063	814,347
Cash, end of year	438,119	210,063
Non-cash financing activities:		
Fair value of share purchase warrants transferred to share capital upon exercise	18,374	–

(The accompanying notes are an integral part of these financial statements)

1. NATURE AND CONTINUANCE OF OPERATIONS

RIWI Corp. (the "Company" or "RIWI") was incorporated August 17, 2009 and is domiciled in Ontario, Canada with the registered office located at Suite 1200, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "RIW".

The Company's principal business and only operating segment is to provide intelligence using a proprietary digital survey platform called Random Domain Intercept Technology ("RDIT™"). The RDIT™ platform is able to generate intelligence that is of importance to customers through the conduct of digital surveys that are targeted at Web users located throughout the world. The information generated from these surveys enables the customers to make better informed business decisions and implement more effective business strategies.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended December 31, 2016, the Company incurred a loss of $1,774,355 (2015 - $850,488), had an accumulated deficit of $4,471,645 (2015 - $2,697,290), and has generated negative cash flows from operating activities since inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company has historically been able to fund operations through equity raises. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements were authorized for issuance by the Board of Directors on April 25, 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for amounts that are measured at fair values as discussed in Note 4.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PRESENTATION (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses in the preparation of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts are as follows:

- Going Concern

The Company has incurred losses to date and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

- Asset carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value of assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Income taxes and recoverability of potential deferred income tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred income tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Measurement of share-based compensation and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance.

3. SUMMARY OF ACCOUNTING POLICIES

(a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of the following categories: fair value through the statement of loss and comprehensive loss, held-to-maturity, loans and receivables, available-for-sale and other liabilities. The Company has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instruments	**Category**	**Measurement Method**
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Convertible debenture	Other liabilities	Amortized cost

The Company will assess at each reporting period whether any financial assets are impaired. An impairment loss, if any is recorded on the statement of loss and comprehensive loss.

(b) Cash

Cash consists of cash held on deposit in bank accounts.

(c) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a declining balance basis at a rate of 30%.

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repair and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the statement of comprehensive loss.

(d) Intangible assets

The costs of acquiring intangible assets, consisting of patents, are capitalized. Costs are amortized using the straight-line method over the estimated useful life of the intangible asset of 20 years.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(e) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

(f) Revenue

Revenue generated from surveys is recognized when the survey is complete and collection of the revenue is reasonably assured. Customers typically pay an up-front deposit for a portion of the total expected fees which is reported as deferred revenue and is recognized as revenue when the project is complete.

(g) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(h) Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the Company's functional currency at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in the statement of loss and comprehensive loss.

(i) Income taxes

Income tax expense represents the sum of current income tax expense and deferred income tax expense. Current income tax expense is based on taxable income for the year. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected income tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized based on differences in the financial statement carrying amount for assets and liabilities and the associated tax balance.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Temporary differences are not provided for goodwill and are not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Deferred income tax assets are generally recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses to the extent that it is probable that there will be taxable income against which deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current income tax assets and liabilities on a net basis.

(j) Convertible debentures

Convertible debentures with a conversion feature classified as equity are bifurcated into a debt component and an equity component. Management estimates the debt component by determining the estimated timing of future debt and interest payments pursuant to the terms of the debt agreement and a discount rate equal to the estimated rate of return for a similar debt instrument but having no conversion features. The residual amount is allocated to the equity component.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The Company uses the residual value method to allocate proceeds where common shares and warrants are issued as part of the same transaction. The fair value of the warrants are calculated using the Black-Scholes option pricing model and are recorded at that value in the warrant reserve. The residual proceeds are allocated to share capital. If and when the warrant are ultimately exercised, the applicable amounts are transferred from the warrant reserve to share capital.

(l) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. As at December 31, 2016, the Company had 2,694,222 (2015 – 2,420,900) potentially dilutive shares outstanding.

(m) Recently issued accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods after the date of these financial statements.

(a) IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in the statement of loss and comprehensive loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of IFRS 9 on the Company’s financial statements.

(b) IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018, and may consider earlier adoption. The extent of the impact of adoption of IFRS 15 has not yet been determined.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Recently issued accounting pronouncements (continued)

(c) IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its financial statements.

4. DETERMINATION OF FAIR VALUES

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

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted market 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.

As at December 31, 2016 and 2015, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1, Level 2, and Level 3 during the years ended December 31, 2016 and 2015.

(a) Cash and cash equivalents, trade and other receivables and trade and other payables

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at December 31, 2016 and 2015, the fair values of these balances approximated their carrying amounts due to their short term to maturity.

(b) Stock options and warrants

The fair value of stock options and warrants are measured using the Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected forfeiture rate (based on historic forfeitures), expected volatility (based on the historical volatility of similar sized companies due to a lack of historical data of the Company's stock price), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

(Expressed in Canadian dollars)

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2016 $	2015 $
GST input tax credits	60,703	7,993
Trade receivables	285,369	95,795
	346,072	103,788

6. PROPERTY AND EQUIPMENT

	Office furniture and equipment $
Cost:	
Balance December 31, 2014, 2015, and 2016	6,578
Accumulated depreciation:	
Balance December 31, 2014	1,973
Additions	4,605
Balance December 31, 2015 and 2016	6,578
Carrying amounts:	
Balance December 31, 2015	–
Balance December 31, 2016	–

7. INTANGIBLE ASSETS

	Patents $
Cost:	
Balance December 31, 2014, 2015, and 2016	26,644
Accumulated amortization:	
Balance December 31, 2014	(1,221)
Amortization	(1,533)
Balance December 31, 2015	(2,754)
Amortization	(1,332)
Balance December 31, 2016	(4,086)
Carrying amounts:	
Balance December 31, 2015	23,890
Balance December 31, 2016	22,558

7. INTANGIBLE ASSETS (continued)

Intangible assets consist of a patent and a patent application.

US Patent #8,069,078 relates to a method of obtaining a representative online polling sample that is intended to substantially eliminate coverage bias from the sample. The patent was filed in 2007 and expires in 2027.

During the year ended December 31, 2014, the Company filed patent application #14/483,639 with the US Patent Office. The patent application relates to systems and methods of inferential demographic analytics on potential survey respondents when using online intercept polls.

8. CONVERTIBLE DEBENTURE

On August 7, 2015 the Company issued a convertible debenture to a director of the Company in exchange for proceeds of $280,000. The convertible debenture was bearing interest at 3.5% per annum and was convertible into common shares at a conversion price of $0.50 per common share at the option of the Company.

Upon issuance of the convertible debenture, the liability component of the convertible debenture was recognized initially at the fair value of a similar liability that does not have an equity conversion feature. The fair value of the conversion feature was determined at the time of issuance as the difference between the principal value of the convertible debenture and the present value of the note using an interest rate of 15% based on the estimated rate for debt with similar terms but having no conversion features at the issue date. The difference between the original principal value of the convertible debenture of $280,000 and the fair value of $245,000, calculated using an interest rate of 15%, was recorded as equity. The discount on the convertible debenture of $35,000 is accreted over the term of the convertible debenture such that the liability portion of the convertible debenture at maturity will equal the face value of the convertible debenture.

In November 2015 the convertible debenture was repaid in full. The Company recorded $9,464 in interest expense from issuance to repayment using an interest rate of 15%. On repayment, the fair value of the note payable approximated its carrying value. The difference between the principal value repaid and the fair value of $254,464 on repayment, was recorded as a reduction to the initial equity portion.

9. SHARE CAPITAL

Authorized: unlimited number of common shares without par value

(a) On February 11, 2015, the Company completed a stock dividend issuing 13 common shares for each common share outstanding. All shares and per share amounts have been retroactively restated to give effect to this issuance.

(b) On March 18, 2015, the Company issued 70,000 share purchase warrants for financial advisory services. Each share purchase warrant is exercisable to purchase one common share of the Company at $0.8571 per share until March 15, 2020. The share purchase warrants have a fair value, calculated using the Black-Scholes option pricing model, of $19,941 assuming an expected life of 2.5 years, a risk-free interest rate of 0.58%, an expected dividend rate of 0%, and an expected annual volatility of 60%. In October 2015, 2,500 share purchase warrants were exercised for proceeds of $2,143.

(c) In January 2016, 60,000 share purchase warrants were exercised for proceeds of $51,426. In February 2016, 2,000 share purchase warrants were exercised for proceeds of $1,714. The fair value of the share purchase warrants exercised of $18,374 was reallocated from warrant reserve to share capital.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

(d) On March 2, 2016, the Company completed a non-brokered private placement and issued 403,356 common shares at $2.78 per share for gross proceeds of $1,121,333. The Company incurred share issuance costs of $23,350.

(e) On September 30, 2016, the Company completed a non-brokered private placement and issued 248,822 units for proceeds of $522,531. Of this private placement, 79,999 units were issued to officers and directors of the Company for proceeds of $167,998. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable to purchase one common share of the Company at $2.40 per share until September 30, 2017. The share purchase warrants have a fair value of $26,224, calculated using the Black-Scholes option pricing model assuming an expected life of 6 months, a risk-free interest rate of 0.58%, an expected dividend rate of 0%, and an expected annual volatility of 44.3%.

10. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2014	–	–
Issued	70,000	0.857
Exercised	(2,500)	0.857
Balance, December 31, 2015	67,500	0.857
Issued	248,822	2.400
Exercised	(62,000)	0.857
Balance, December 31, 2016	254,322	2.370

As at December 31, 2016, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
248,822	2.400	September 30, 2017
5,500	0.857	March 15, 2020
254,322		

11. STOCK OPTIONS

The Company has a stock option plan under which it is authorized to grant options to directors, employees, and consultants enabling them to acquire in aggregate up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

(Expressed in Canadian dollars)

11. STOCK OPTIONS (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2014	1,534,400	0.296
Granted	819,000	0.857
Outstanding, December 31, 2015	2,353,400	0.490
Granted	382,500	2.285
Cancelled	(296,000)	1.415
Outstanding, December 31, 2016	2,439,900	0.660

Additional information regarding stock options outstanding as at December 31, 2016 is as follows:

	Outstanding		Exercisable	
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Number of shares	Weighted average exercise price $
0.296	1,534,400	0.8	1,534,400	0.296
0.857	623,000	3.1	623,000	0.857
2.140	232,500	0.5	232,500	2.140
2.510	50,000	4.2	16,667	2.510
0.660	2,439,900	1.4	2,406,567	0.635

The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2016	2015
Risk-free interest rate	0.58%	0.58%
Expected life (in years)	2.6	2.8
Expected volatility	83%	60%
Forfeiture rate	10%	10%

The weighted average fair value of the stock options granted during the year ended December 31, 2016 was $1.14 (2015 - $0.33) per option.

For the year ended December 31, 2016, the Company recorded stock-based compensation expense, with a corresponding credit to reserves of $377,525 (2015 - $263,512). The total fair value of the stock options granted during the year ended December 31, 2016 was $393,670 (2015 - $241,746).

(Expressed in Canadian dollars)

12. INCOME TAXES

The following table reconciles the expected income tax expense recovery at the Canadian statutory income tax rates to the amounts recognized in the statement of loss and comprehensive loss for the years ended December 31, 2016 and 2015:

	2016 $	2015 $
Loss for the year	(1,774,355)	(850,488)
Statutory rate	26.5%	26.5%
Income tax recovery	(470,204)	(225,379)
Non-deductible items	242	3,125
Other	(6,745)	691
Stock based compensation	100,044	75,115
Change in deferred income tax asset not recognized	376,663	146,448
Income tax provision	–	–

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred income tax assets at December 31, 2016 and 2015 are comprised of the following:

	2016 $	2015 $
Deferred income tax assets		
Non-capital losses carried forward	874,680	498,303
Intangible assets and property and equipment	6,074	5,489
Financing costs	21,951	22,250
Total gross deferred income tax assets	902,705	526,042
Unrecognized deferred income tax assets	(902,705)	(526,042)
Net deferred income tax asset	–	–

The Company has non capital loss carryforwards of approximately $3,300,678 (2015: $1,880,390) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

	$
2031	311,609
2032	403,883
2033	690,210
2034	418,904
2035	57,010
2036	1,419,062
	3,300,678

(Expressed in Canadian dollars)

13. EXPENSES BY NATURE

The Company has chosen to present its statement of loss and comprehensive loss based on the functions of the entity. The statement of loss and comprehensive loss include the following costs by nature:

	2016 $	2015 $
Depreciation	1,332	6,138
Short term wages and benefits	723,876	628,132
Stock-based compensation	377,525	263,512
Included in general and administrative expenses	1,102,733	897,782

	2016 $	2015 $
Subcontractor fees	244,000	–
Included in sales and marketing	244,000	–

	2016 $	2015 $
Subcontractor fees	368,136	248,723
Included in technology costs	368,136	248,723

14. RELATED PARTY TRANSACTIONS

(a) For the year ended December 31, 2016, included in technology costs are consulting fees to the Company’s CTO in the amount of $144,000 (2015 - $144,000).

For the year ended December 31, 2016, included in technology costs are consulting fees to a company controlled by a director of the Company in the amount of $52,500 (2015 - $28,100).

Included in accounts payable and accrued liabilities as at December 31, 2016 is $18,060 (2015 - $13,560) due to related parties for consulting fees.

(b) During the year ended December 31, 2016, the Company incurred $386,250 (2015 - $189,544) in wages and benefits to the Company's management team, including the Company's directors, President, CEO, and CFO.

(c) During the year ended December 31, 2016, the Company recognized stock-based compensation of $278,509 (2015 - $170,013) for options granted and vested for directors, President, CEO, and CFO.

(Expressed in Canadian dollars)

15. FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's trade accounts receivable are due from customers and GST input tax credits due from the Government of Canada and are subject to normal credit risk. The following table provides information regarding the aged trade receivables:

	Current	31-60 days	61-90 days	91 days +
December 31, 2016	60%	8%	22%	10%
December 31, 2015	72%	1%	12%	15%

Allowance for Doubtful Accounts

At each period end, the Company reviews the collectability of outstanding receivables. The specific accounts are only written off once all the collection avenues have been explored or when legal bankruptcy has occurred. The following is a reconciliation of the allowance account:

	2016 $	2015 $
Balance, beginning of year	15,995	8,884
Change in provision	(12,525)	7,111
Balance, end of year	3,470	15,995

The following table identifies customers comprising 10% or more of the Company's revenue:

	2016	2015
Customer A	10%	31%
Customer B	6%	11%
Customer C	12%	0%

The following table identifies the percentage of trade accounts receivable from individual customers comprising 10% or more of the Company's trade receivables:

	2016	2015
Customer A	15%	0%
Customer B	35%	0%
Customer C	12%	0%
Customer D	0%	49%

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company's financial liabilities consist of accounts payable and accrued liabilities and consist of invoices payable to trade suppliers for internet traffic, general and administrative and other expenses and are paid within one year.

15. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

The Company expects to fund these liabilities through the use of existing cash resources and funds raised through equity financings.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2016, the Company had invested $25,000 (2015 - $nil) in short-term guaranteed investment certificates.

(ii) Foreign currency risk

The Company's activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in US dollars (US$). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at December 31, 2016, financial instruments were converted at a rate of $1.00 Canadian to US$0.7448.

Balances denominated in foreign currencies as at December 31, 2016 were as follows:

	$	US$
Cash	333,079	248,077
Accounts receivable	255,169	190,050
Accounts payable	12,115	9,023

The estimated impact on net loss at December 31, 2016 with a +/- 10% change in foreign exchange rates is approximately $57,613 (2015 - $15,000).

(d) Capital management

The Company's capital is defined to be shareholders' equity. The Company's objective in managing capital is to ensure it has adequate working capital to meet day to day needs and access to sources of capital sufficient to finance its operations and to make planned capital expenditures or capital acquisitions as opportunities present themselves. The Company manages its capital structure and makes changes to it in light of changes in economic conditions, anticipated or planned capital expenditures, opportunities for acquisitions and the risk characteristics of the underlying investments.

The Company is not subject to any externally imposed capital requirements.

16. COMMITMENT

The Company currently has an office space lease commitment of $5,700 per month. The lease expires on August 31, 2017.

17. SUBSEQUENT EVENT

On March 24, 2017, the Company completed a non-brokered private placement and issued 656,571 units for proceeds of $1,608,600. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable to purchase one common share of the Company at $3.50 per share until September 24, 2018.