



Management's Discussion & Analysis

For the quarter ended June 30, 2016

Containing information up to and including August 23, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS	3
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING	3
CAUTION REGARDING FORWARD-LOOKING INFORMATION	3
ADDITIONAL INFORMATION	4
OVERVIEW	5
History	5
Operational Highlights	6
OUTLOOK	7
Deepen relationships with current customers	7
Grow our customer base.....	7
Develop new products	8
FINANCIAL RESULTS	9
Three and six months ended June 30, 2016 and 2015	9
Revenues	9
Total Expenses.....	9
Interest Income	10
Net Loss.....	10
Working Capital.....	10
SELECTED FINANCIAL INFORMATION	10
Selected Quarterly Results	10
LIQUIDITY AND CAPITAL RESOURCES	11
CAPITAL STRUCTURE	12
Common Shares	12
Stock Options	12
Share Purchase Warrants.....	13
Off-Balance Sheet Arrangements	13
Financial Instruments and Other Instruments	13
RELATED PARTY TRANSACTIONS	13
CRITICAL ACCOUNTING ESTIMATES	14
RECENT ACCOUNTING PRONOUNCEMENTS	15

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") details RIWI Corp.'s ("RIWI" or the "Company") operating results and financial condition for the quarter ended June 30, 2016, and is prepared as at August 23, 2016. This MD&A should be read in conjunction with the Company's unaudited quarterly financial statements for the quarter ended June 30, 2016 and the Company's annual audited financial statements for the year ended December 31, 2015, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"), which are available on www.sedar.com. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. 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 MD&A 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.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward-looking information"), which includes disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates", "projects", "budgets", "forecasts" or "does not anticipate", or "believes", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The examples of such forward-looking information has not changed from the previous quarterly filing.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

ADDITIONAL INFORMATION

Additional information relating to the Company is available from the SEDAR website at www.sedar.com, under the Company's profile.

OVERVIEW

History

RIWI is a public company and its shares are listed on the Canadian Securities Exchange (CSE: RIW). The Company was originally incorporated under the laws of Canada pursuant to the Canada Business Corporations Act on August 17, 2009. The head office is located at 459 Bloor Street West, Suite 200, Toronto, Ontario, M5S 1X9 and registered and records office is located at 200 Burrard Street, Unit 200, Vancouver, BC, Canada, V7X 1T2.

RIWI provides digital intelligence information services to customers using a proprietary digital data capture (“survey”) technology platform. Core to our product offering is the superlative quality of our data to enable customers to make better decisions and test hypotheses about the current and future needs of consumers and citizens in all markets in the world. The digital survey platform is able to generate intelligence that is of importance to customers through the conduct of digital surveys that are targeted at random Web users located throughout the world through the patented RDIT™ technology owned by RIWI. RIWI works with its customers to develop focused surveys, and curate geographically-specific audiences for surveys, that are designed to obtain specific attitudinal data in a manner that targets the geographic locations that are of relevance to the customers, at a multi-country and/or city level. The information generated from these digital surveys enables the customers to make better-informed business decisions, measure the impact of campaigns, and implement more effective business strategies. In distinction to social media monitoring or online panels or other methods of collecting survey data, RIWI offers accurate information and factual circumstances of average everyday people from every region of the globe. RIWI’s survey technology operates efficiently, effectively and reliably over any time period its customers desire.

The RIWI digital survey platform is comprised of proprietary databases and a computational infrastructure that measures, analyzes and reports on Web users’ changing attitudes using RIWI digital surveys. The customers use the results of the surveys for a broad range of purposes that are relevant to their businesses and organizations, including:

- obtaining intelligence on competitors,
- initiating or stopping a program or activity,
- assessing perceptions of global or local political and real or emergent security threats,
- tracking macro-economic indicators, such as joblessness, housing bubbles, confidence in local banks, underemployment and personal indebtedness,
- evaluating and testing advertising awareness, recall and media reach,
- tracking brand recognition,
- assessing consumer usage and attitudes,
- evaluation of new business and product concepts,
- evaluating global real-time Web penetration, and
- assessing online purchase trends in virtually all UN-recognized geographies.

Revenues are generated through short and long-term contractual arrangements with customers through which digital surveys are developed and deployed to a targeted audience of relevance demographically or geographically or both. Revenues are also generated through integration with other survey technology providers (such as global market research companies with access to large panels, or panel companies), which pay RIWI to expose their surveys to new geographies and new potential respondents unique to the RIWI platform. Global organizations value RIWI’s unique ability to access global populations, especially in hard-to-reach countries otherwise deemed impossible, too expensive or too dangerous. Clients increasingly recognize the inherent bias in the populations that online panels reach, and our clients value the representativeness and diversity of RIWI’s respondents.

RIWI is ramping up to support more sales and more users. We have broken up the web servers to spread a significant load over a larger group of smaller servers. RIWI also introduced a multi-master database, which allows for more

redundancy at both front and back ends. This affords more capacity and demand responsiveness. RIWI can scale up or down and add more servers in an agile manner.

Operational Highlights

Some key achievements made by the Company during the current quarter and six months ended June 30, 2016 include the following:

- RIWI's automation of global surveys has improved dramatically. In 2015, creating large 60+ country multi-lingual surveys took weeks to program. Currently they can be programmed in under 24 hours.
- RIWI's new master planner software architecture allows RIWI to thread together independent surveys (modules) into consecutive, randomized and/or weighted distributions. Combinations are configurable separately for each country and can be re-configured immediately based on client demand.
- RIWI's global variables programming enables demographic data (e.g. age/ gender) to be shared across independent surveys. This architecture enables increasingly sophisticated skip logic into any survey.
- RIWI has implemented distributed architecture and load balancing to accommodate vastly more capacity (4-8 times than RIWI enjoyed in 2015) for highly cost-effective global data collection activity, volume and capability to meet evolving client needs.
- RIWI continued to advance the features of its proprietary automated, secure and agile data dashboards that evolve dependent on client specifications.
- RIWI now offers a wireless geo-location feature.
- RIWI created a marketing partnership with ESOMAR, formerly known as The European Society for Opinion and Market Research. ESOMAR is a membership organization representing the interests of the global data collection profession at an international level. ESOMAR currently has approximately 4,900 member organizations. ESOMAR will co-market early findings from RIWI's unique "Ask the World" global omnibus product, to be presented at the annual ESOMAR Congress in September 2016. The findings will be based on global opinion data specifically requested by ESOMAR members from this new RIWI product. All ESOMAR member organizations around the world are potential RIWI customers or resellers. The ESOMAR Congress is the largest marketing and research conference in the world. ESOMAR is promoting the RIWI "Ask the World" initiative through its digital channels and at its conference.
- In May RIWI released the ILGA-RIWI 2016 Global Attitudes Survey on LGBTI People in partnership with Logo (the entertainment brand owned by Viacom Media). Released to mark the International Day Against Homophobia and Transphobia, RIWI captured over 95,000 respondents across 65 countries on attitudes towards LGBTI human rights, criminalization, employment, and related policy issues. The study received media attention around the world, with profiles on RIWI's methodology and/or the findings in high profile media such as *The Washington Post*, *El Pais*, *The Guardian*, *La Repubblica*, and *The Independent*.
- Due to the success of the ILGA-RIWI 2016 Global Attitudes Survey noted above, RIWI and ILGA (The International Lesbian, Gay, Bisexual, Trans and Intersex Association) signed a Memorandum of Understanding, with both parties (RIWI and ILGA) committing to a multi-year project to collect annual data on global attitudes and analytics relating to LGBTI human rights issues. The ongoing data collection project we expect will provide RIWI significant recurring revenues for the next 3-5 years from an evolving consortium of high-profile funders and partners. ILGA is an umbrella organization of more than 1,100 member organizations around the world, and ILGA enjoys consultative status to the United Nations' Economic and Social Council.

- In a press release and major study release, Freedom House, one of the leading human rights groups in the world, profiled the joint Freedom House-RIWI study on Ethiopian citizens' perception towards restrictions placed on the people of Ethiopia by the 2009 Charities and Societies Proclamation (CSP).
- The peer-reviewed article authored by our CEO, "Mental Health Promotion Through Collection Of Global Opinion Data", was published in the *Journal of Preventive Medicine and Care*. The academic paper, drawing on past RIWI studies and a literature review comparing RIWI to all other major data collection tools, reports that RIWI data collection technology lends itself to global health promotion because: it can provide quick, accurate responses from very large, random, and widespread populations; it provides anonymous answers to questions that are highly sensitive in nature; it can probe regional differences and questions that can be asked before and after public health interventions so that intervention efficacy can be measured; repeating the survey can also test the duration of impact of a public health campaign; the natural random participant abandonment rate can be a good measure of the resonance of the message of a messaging campaign; and this intensity measurement is more transparent and objective than sentiment analysis based, for instance, on the application of language algorithms to social media postings.

OUTLOOK

Our objective is to be the leading provider of macro all-country and all-city Web user intelligence with the capability to provide the full data picture to our customers. Our customers no longer need to rely on highly limited user groups online to provide highly limited attitudinal or public opinion sentiment data. The principal elements of our strategy are outlined below.

Deepen relationships with current customers

We intend to work closely with our customers to enable them to continuously enhance the value they obtain from RDIT™. Some of our customers are Fortune 500 companies that deploy multiple data and branding initiatives, and we believe many of our customers would benefit from more extensive use of our product offerings to gain additional insights. We plan to work to develop and expand our customer relationships to increase our customers' use of RDIT™. To facilitate this, we continue to formalize strategic frameworks with customers needing our services on a recurring process, as described further below. We believe that a significant opportunity exists to extend our product offerings to more multi-national and international customers.

Grow our customer base

We intend to continually invest in sales, strategic marketing and account management initiatives, focused on our core five verticals (e.g. healthcare, international security, citizen engagement, consumer research and finance) in an effort to expand our customer base. Our digital media, commerce and marketing information is frequently cited online, in academic journals, and by major media outlets and NGO reports. We believe that more and more niche and global media coverage, as well as further third-party reviews, endorsements and co-authored reports, increases awareness and credibility of the RIWI brand and thereby supplements our marketing efforts. We intend to continue to work with targeted media outlets, including news distributors such as television, newspapers, magazines, and online publishers, to increase their use of RIWI data.

We have adopted and are marketing a divisional structure to showcase our demonstrable sales and leadership experience in all our core verticals: healthcare, international security, citizen engagement, consumer research and finance. We have made significant time investments to build brand awareness in Washington, DC – which we see as a rapidly growing geographic focus for sales. RIWI therefore holds regular marketing leadership events in Washington to advance recurring sales and partnerships. RIWI conducts these events either virtually (e.g. by Webinar) or in person at high-profile venues (e.g. at the World Bank or Freedom House offices in Washington).

We have adopted a sales agency and introducer structure under which our sales agents receive a contractually agreed percentage of new revenues received from contracts resulting from introductions made by the sales agents. Our sales agents currently operate out of Washington, DC, Miami, Philadelphia and Jerusalem. We have expanded

the amount of consulting and introduction efforts out of Washington, DC this year. This commissioned reseller strategy currently offers us on-the-ground sales reach into the United Kingdom, the United States, Latin America, the Middle East and across the European Union. We are increasingly working with resellers and sales agents with expertise in particular verticals in particular regions (e.g. market research insights in Latin America) seeking to connect us for sales with direct clients and with agencies. We also work with agencies in different markets that recommend their clients to us or build us into the agencies' offerings. Various technology companies (e.g., panel companies) with well-established marketplaces regularly approach us to provide RIWI sample to improve their global access and respondent diversity (e.g. male Millennials).

Our up-front expense associated with this marketing and reseller structure is minimal as we only pay for up-front marketing kits for our sales agents and resellers. We also increasingly offer our sales agents pilot data at no or minimal cost to us as a way to showcase the potential data offerings we can introduce to clients. We plan to leverage our existing relationships to distribute reports and publications that we generate using our RDIT™ data without additional external expense to us in order to broaden our exposure to potential customers.

In addition to resellers and introducers, RIWI continually evaluates potential strategic alignment agreements, whereby expert analytics organizations that service large end clients in a core area of data collection for RIWI (e.g. international risk, or consumer research), enter into long-term non-exclusive process agreements with RIWI. The purpose of these strategic alignment agreements is to formalize contracting processes and technical and security protocols between the parties. This enables the parties to move rapidly to immediately service the long-term needs and requirements of the end clients that require both parties' services.

Develop new products

We generally plan to increase our product offerings as we advance our business. We believe that companies will require new information and insights to measure, understand and evaluate attitudes and our objective will be to develop new applications to be able to provide the most timely and relevant information to our customers. Our overall objective will be to offer both general and industry-specific products that deliver value to a wide range of potential customers in current and new industry verticals. We believe that the scalability and functionality of our database and computational infrastructure provide us with a competitive advantage. Accordingly, we intend to continually invest in research and development to extend our technology and our product offerings.

For example, we are currently working on products that are unique in the world, including: a product that continually measures the Internet demographics, trends, usage patterns and consumer preferences of Internet users on desktop and mobile in every country of the world. We have also refined and piloted a unique omnibus product ("Ask the World") that can cost-effectively deliver global consumer and citizen insights simultaneously for a large number of clients wishing to gather reliable and comparable opinion data in all Internet-enabled countries on an ongoing basis. Some early findings from this product will be presented at the ESOMAR Congress in September 2016. The findings will be based on data specifically requested by ESOMAR members from this product. The ESOMAR Congress is the largest and most prestigious marketing and research conference in the world. RIWI enjoys a thought-leadership marketing partnership with ESOMAR (formerly known as The European Society for Opinion and Market Research), and ESOMAR has been working to promote the "Ask the World" initiative through its social media channels and in its online marketing for its September 2016 annual conference.

We continue to work with clients to support 'engagement at scale' projects, whereby individuals who are not usually engaged through digital advertising or other means receive educational or engagement messages in hard-to-reach geographies. This offering runs off our core IP and is unique to our platform. We are also exploring the monetization and sales benefits of publishing licenses for longitudinal testable finance data sets that the Company has collected in a systematic manner for more than two years. Other proven product offerings include global pulse, or all-country data collection initiatives, modularized surveys – where long surveys of 100 or more questions are broken down into short constructs of 3-4 questions – and 'diaries,' where RIWI's non-panel random respondent pool offers clients the otherwise unavailable benefit of collecting survey data in all regions throughout the day as a function of how frequently people use the Internet.

Our longitudinal data sets, historic predictive work and proven global trackers have driven us to focus on predictive work in the finance, healthcare and consumer packaged goods sectors. As opposed to our competitors, which focus on reaction-outcome modeling, our predictive modeling is ongoing and enables us to examine testable hypotheses, such as whether retail spending in one market will affect purchase habits elsewhere over time.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three and six months ended June 30, 2016 and 2015. They should be read in conjunction with the Financial Statements for the quarter ended June 30, 2016 and the related notes.

Three and six months ended June 30, 2016 and 2015

In Canadian Dollars (\$)	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenues	190,735	74,604	342,261	354,468
Technology costs	302,422	90,348	493,645	193,129
Sales and marketing	157,813	15,896	323,354	23,074
General and administrative	590,029	222,066	829,134	591,177
Interest income	-	569	-	1,388
Comprehensive loss for the period	859,529	253,137	1,303,872	451,524
Loss per share (basic and diluted)	\$0.06	\$0.02	\$0.09	\$0.03

Revenues

Revenues are comprised of fees that are charged to customers for providing digital surveys. Revenue increased by \$116,131 to \$190,735 during the quarter ended June 30, 2016 compared with \$74,604 for the same quarter in 2015. The primary reason for the increase for the three months ended June 30, 2016 compared to the same period in 2015 is the increased spending on sales and marketing in addition to the sales relationships with large data companies. Revenue decreased by \$12,207 to \$342,261 during the six-month period ended June 30, 2016 compared with \$354,468 for the same period last year. This decrease is primarily attributable to timing between contracts that have been committed to and the completion of the contracts. The Company is currently developing its customer base to generate increased recurring revenue streams and has invested in sales and marketing in order to achieve this. The value of committed and contracted agreements with vendors rose year-over-year during the six months ended June, 2016.

Total Expenses

Total expenses increased by \$721,954 to \$1,050,264 during the quarter ended June 30, 2016 compared with \$328,310 for the same period in 2015. Total expenses increased by \$838,753 to \$1,646,133 during the six months ended June 30, 2016 compared with \$807,380 for the same period in 2015. This increase in total expenses is primarily due to the expenses associated with our increased sales and marketing, stock based compensation and expanded operations.

Key expenses are summarized as follows:

- **Technology Costs** increased by \$212,074 to \$302,422 during the quarter ended June 30, 2016 compared with \$90,348 for the same period in 2015. Technology costs increased by \$300,516 to \$493,645 during the six months ended June 30, 2016 compared with \$193,129 for the same period in 2015. This increase is primarily attributable to our shift from more research based activities to an increased focus on executing contracts with customers, as well as more proof-of-viability marketing pilots and initiatives. This increase also resulted from the finalization of an updated version of our all-device friendly survey interface, which enjoys very low latency, and thus quicker respondent response.
- **Sales and marketing** increased by \$141,917 to \$157,813 during the quarter ended June 30, 2016 compared with \$15,896 for the same period in 2015. Sales and marketing increased by \$300,280 to \$323,354 during the six months ended June 30, 2016 compared with \$23,074 for the same period in 2015. The Company hired additional sales staff to manage its existing customer base as well as identified new customers. Sales and marketing includes a one-time signing bonus paid to sales staff of \$100,000.
- **General and administrative** increased by \$367,963 to \$590,029 during the quarter ended June 30, 2016 compared with \$222,066 for the same period in 2015. General and administrative increased by \$237,957 to \$829,134 during the quarter ended June 30, 2016 compared with \$591,177 for the same period in 2015. This increase is primarily due to the increase in non-cash related stock based compensation and hiring internal personnel to manage the growth of the Company.

Interest Income

Interest income decreased by \$569 to \$nil during the quarter ended June 30, 2016 compared with \$569 for the same period in 2015. Interest income decreased by \$1,388 to \$nil during the six months ended June 30, 2016 compared with \$1,388 for the same period in 2015. The decrease is a result of utilizing cash generated from proceeds on issuance of common shares in operations.

Net Loss

Net loss increased by \$606,392 to \$859,529 during the quarter ended June 30, 2016 compared with \$253,137 for the same period in 2015. Net loss increased by \$852,348 to \$1,303,872 during the six months ended June 30, 2016 compared with \$451,524 for the same period in 2015. The major reason for the increased net loss was the timing of recognizing revenue for the current six months, stock based compensation expense and our increased investment in sales and marketing.

Working Capital

Our cash balance increased to \$395,040 and our working capital increased to \$401,623 as at June 30, 2016, compared to our cash balance of \$210,063 and working capital of \$239,189 as at December 31, 2015. This increase in working capital is primarily due to the net proceeds received from a non-brokered private placement whereby the company issued 403,356 common shares at \$2.78 per share.

SELECTED FINANCIAL INFORMATION

Selected Quarterly Results

The following is a selected summary of quarterly results for the six most recently completed quarters to June 30, 2016. The following information was prepared in accordance with international Financial Reporting Standards. All amounts are shown in Canadian Dollars.

The Company's operations are not significantly impacted by seasonality.

	2016	2016	2015			
In Canadian Dollars (\$)	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	190,735	151,526	193,510	207,787	74,604	279,864
Technology costs	302,422	191,223	204,551	106,760	90,348	102,781
Sales and marketing	157,813	165,541	21,683	2,502	15,896	7,178
General and administrative	590,029	239,105	151,703	230,462	222,066	369,111
Interest income	-	-	394	147	569	819
Public listing application	-	-	-	83,141	-	-
Comprehensive loss for the period	859,529	444,343	184,033	214,931	253,137	198,387
Loss per share (basic and diluted)	0.06	0.03	0.01	0.01	0.02	0.01
Total assets	516,573	1,069,958	364,095	799,779	612,366	844,087
Long term financial liabilities	-	-	-	-	-	-
Cash dividends per share	-	-	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2016, the Company had working capital of \$401,623, compared to working capital of \$239,189 as at December 31, 2015. This increase in working capital is primarily due to the net proceeds received from a non-brokered private placement whereby the company issued 403,356 common shares at \$2.78 per share.

We will continue to assess the necessity for debt or equity financing as we proceed with the development of our business. We may, from time to time, develop additional new products or services to expand our operations beyond the scope that is presently contemplated. This could result in a requirement to seek new financing in order to finance such undertakings. There is no assurance that we will be able to achieve such financings if and when required.

If our revenues are less than anticipated, we will curtail our business operations to manage our cash position within our available working capital.

	As at	
	June 30, 2016	December 31, 2015
Current Assets	493,349	340,205
Current Liabilities	91,726	101,016
Working Capital	401,623	239,189

CAPITAL STRUCTURE

Common Shares

As of August 23, 2016, the Company has 15,295,004 issued and outstanding common shares and no outstanding preferred shares. On February 11, 2015, the Company completed a stock dividend issuing 13 common shares for each common share outstanding. The Company's share price at August 23, 2016 was \$2.10 per share.

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.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	June 30, 2016	
	Number	Weighted average price
Outstanding, beginning of period	2,353,400	\$0.296
Cancelled	196,000	\$0.857
Granted	382,500	\$2.290
Outstanding, end of period	2,539,900	\$0.733
Exercisable, end of period	2,074,465	\$0.735
Options reserved for issuance under stock option plan	3,059,001	

The weighted average remaining contractual life of options outstanding at June 30, 2016 is 2.3 years. For the six months ended June 30, 2016, the Company recorded stock based compensation expense, with a corresponding credit to reserves of \$314,516 (June 30, 2015 - \$201,385). The total fair value of stock options granted during the six months ended June 30, 2016 was \$390,089 (June 30, 2015 - \$235,037).

The following assumptions were used for the Black-Scholes valuation of the share options granted during the three and six months ended June 30, 2016:

	June 30, 2016
Risk free interest rate	0.58%
Expected life	2.0 – 3.5 years
Annualized volatility	83%
Dividend rate	-
Forfeiture rate	10%

Share Purchase Warrants

On March 18, 2015, the Company issued 70,000 share purchase warrants (“warrants”) for financial advisory services. Each warrant is exercisable to purchase one common share of the Company until March 18, 2020 at \$0.8571 per share. The 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 0.0%, and an expected annual volatility of 60%. 2,500 of these warrants were exercised in October 2015, 60,000 of these warrants were exercised in January 2016 and 2,000 of these warrants were exercised in February 2016.

Off-Balance Sheet Arrangements

As of June 30, 2016, the Company had no off-balance sheet arrangements.

Financial Instruments and Other Instruments

We do not engage in any hedging activities or use any financial instruments for our business.

RELATED PARTY TRANSACTIONS

a) Related Party Transactions

Included in technology costs are consulting fees to the Company’s CTO in the amount of \$72,000 (June 30, 2015- \$72,000).

Included in accounts payable and accrued liabilities at June 30, 2016 is \$13,560 (June 30, 2015 - \$nil) due to related parties for consulting fees.

b) Management Compensation

The Company’s management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company’s Board of Directors and the Company’s Executive Leadership Team. The Executive Leadership Team consists of the CEO, the Global Head of Citizen Engagement and Senior Vice President, CTO and CFO.

Total compensation expense for management personnel and directors and the composition thereof is:

For the Six Months Ended	June 30, 2016	June 30, 2015
Short term wages and benefits	\$ 254,250	\$ 246,000
Stock based payment reserve	244,039	201,385
Included in general and administrative expenses	\$ 498,289	\$ 447,385

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates and judgments are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates and judgments made by the Company that have the most significant risk of causing material misstatement to the carrying amounts of assets and liabilities are discussed below.

- **Going Concern**

The Company has incurred losses to date and the continuing operations 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.

- **Assets' 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 on 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 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 tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- **Measurement of share-based compensation**

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.

RECENT 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 this MD&A.

(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, 2019. 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.

(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 consolidated financial statements.

d) IAS 7, Statement of cash flows (“IAS 7”)

In January 2016, the IASB issued amendments to IAS 7, Statement of cash flows as part of its major initiative to improve presentation and disclosure in financial reports. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The mandatory effective date for these amendments is for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

e) IAS 12, Income taxes (“IAS 12”)

In January 2016, the IASB issued amendments to IAS 12, Income taxes. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset, and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The mandatory effective date for these amendments is for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.