



Management's Discussion & Analysis

For the quarter ended March 31, 2016

Containing information up to and including May 26, 2016

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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 March 31, 2016, and is prepared as at May 26, 2016. This MD&A should be read in conjunction with the Company's unaudited quarterly financial statements for the quarter ended March 31, 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.

Operational Highlights

During the first quarter of 2016, the company continued to develop and execute on its sales strategies. Sales values for the three months ended March 31, 2016 reached \$151,526. This represented a decrease of 46% over the prior year in recognized revenues. However, the value of committed and contracted agreements with customers increased year-over-year during the three months ended March 31, 2016.

Some key achievements made by the Company during the current quarter include the following:

- In January, 2016 IRIS (International Research Institutes), the largest scientific association of independent research agencies in the world, released the RIWI global millennials' study. IRIS asked millennials living in 23 countries for their outlook on the economy, their health and life in general. In the methodology (<http://irismillennials.com/articles/methodology/>), IRIS calls the RIWI signal a "truly random sample".
- RIWI continued to receive high profile global media and third-party endorsements of the sophistication and innovation of its technology in the first quarter of 2016. These included expert-written and produced analyses in the *Washington Post* (March 4, 2016), in The World Bank's *Guide to Evaluating Citizen Engagement* (March 1, 2016), *The Guardian* (February 9, 2016), *The Toronto Star* (February 22, 2016), and "*Ponto à Ponto*" / Point to Point on BandTV in Brazil (February 28, 2016).

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, and the expected timing and costs of these business objectives, 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 plan 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 multi-national and international customers.

Grow our customer base

We intend to continually invest in sales, marketing and account management initiatives, focused on core verticals (e.g. healthcare 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 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 Luxembourg, Washington, DC, Miami, Philadelphia, Jerusalem, and Minneapolis. 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.

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 working with Oxfam 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.

Select specific objectives

- For 2016, we plan to continue to develop new products and services that offer improved inferential and predictive analytics with the objective of generating additional revenues using technology solutions that are based on substantial programming and automation and patent filings that we completed in 2014. These product offerings will be based on internal historic meta-data and real-time machine learning about how respondents in our population parameter in virtually all countries of the world answer questions from our sample sources and thereby give us the ability to provide insights from this historic work to project how future respondents to new questions may feel about similar topical issues, segmented by inferred categories using analytics, such as education level, gender and age group. This development work will include building a data taxonomy based on historical RDIT™ domain audience demographics, thus minimizing the extent to which additional demographic data collection is required via custom surveys. This work is often referred to as ‘soft’ artificial intelligence, and is globally differentiating.
- We plan to work continually to upgrade our RDIT™ solutions in order to improve the audience segmentation analytics that can be provided to our customers. Examples of improved audience segmentation analytics

include: (i) improved targeting of survey respondents by city and sub-city areas, and (ii) categorization of respondents based on a radius point from a city center or other geographical location. We continue to invest time in automated algorithms for statistical prediction leveraging our proprietary data sets, as well as programs to detect respondent device usage with greater precision.

- For 2016, we plan on expanding our intelligence platform; this may include, subject to demonstrable client demand, refinement of our downloadable standard dashboard tool for all clients to display real-time results and analytics; a norms database, including economic indicators, such as employment, under-employment or accessibility to bank loans, that are accessible and analyzable automatically to clients that pay added fees; a collaboration centre where approved vendors in every region in the world are managed; an open source data collaboration space for NGOs, scholars, citizen-researchers and students to find and contribute to open-access studies done in every country; a special secure portal for partners wishing to design risk analytics studies in any desired geography, without any manual labour interface with our personnel.
- For 2016, we plan to introduce the monetization and sales and marketing benefits of publishing licenses for longitudinal testable data sets that the Company has collected in a systematic manner for almost two years. Other proven product offerings include 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.
- For 2016, we plan to roll out our unique global all-country trackers into packaged offerings with specific needs tailored to the needs of different verticals. The functionality and sales opportunities of these trackers will be informed by our market intelligence and technical functionality and expressed customer needs as learned through our two historic years of producing the 'RIWI Global Index'.
- Research and development advances and successes for the first quarter of 2016 include: new distributed architecture for faster surveys and more rapid deployment of multi-language surveys globally; improved coding algorithms to accurately predict time-to-completion of all projects in all geographies; multi-select responsive-design enhancements to all surveys in all languages and regions of the world; customized as-needed data manipulation interfaces for clients for data collected in any region; and cookie-less surveys.

Integrate existing tools with more data providers in all countries

We plan to undertake more pilot and other 'calibration projects' with other companies and existing clients, such as SurveyMonkey Inc., Gallup, Inc., TNS, Japan Cross Marketing, Environics Research Group, CINT, YouGov, and Vision Critical, wherein we offer our data services as a complementary data 'sample' or stand-alone global or multi-country 'button' for the clients of these parties. Our objective in participating in these projects will be to substantially increase revenues, potential customer awareness of our RDIT™ services and our brand.

Enter into strategic alliances and create data licensing platforms

Since early 2014, we have been approached by data companies globally seeking to form strategic alliances for go-to-market solutions to increase joint revenues. Our strategy is to be responsive and to carefully review each opportunity. To facilitate potential strategic alliances, we have already completed the legal work in 2014 of creating suitable strategic alignment agreement documentation that is protective of RIWI's legal interests. These alliances are not intended to be joint ventures, but rather strategic alliances, such that both parties adhere to the legally agreed process of contracting, pricing and services provision.

We have entered into a strategic alliance arrangement whereby we have become the data provision hub of the "IRIS Network", a network of 30 leading research firms in 30 countries. Under this arrangement, our data are collected for a fee for all member firms. To date, 23 member firms have signed on to support and disseminate RIWI data to their clients under this arrangement. Data collected under these arrangements will be highlighted at international

conferences, such as ESOMAR. IRIS Network offers RIWI a strategic opportunity for increased client work arising from all member companies. Our plan for the next twelve months will involve improving the visibility of our work to these member firms in tandem with our Canadian client and IRIS representative firm, the Environics Research Group.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three months ended March 31, 2016 and 2015. They should be read in conjunction with the Financial Statements for the quarter ended March 31, 2015 and related notes.

Three months ended March 31, 2016 and 2015

In Canadian Dollars (\$)	Three months ended March 31, 2016	Three months ended March 31, 2015
Revenues	151,526	279,864
Technology costs	191,223	102,781
Sales and marketing	165,541	7,178
General and administrative	239,105	369,111
Interest income	-	819
Comprehensive loss for the period	444,343	198,387
Loss per share (basic and diluted)	0.03	0.01

Revenues

Revenues are comprised of fees that are charged to customers for providing digital surveys. Revenue decreased by \$128,338 to \$151,526 during the quarter ended March 31, 2016 compared with \$279,864 for the same quarter in 2015. The primary reason for the decrease in revenue for the quarter compared to the same period in the prior year is the timing of specific non-recurring revenue streams. 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 three months ended March 31, 2016.

Total Expenses

Total expenses increased by \$116,799 to \$595,869 during the quarter ended March 31, 2016 compared with \$479,070 for the same period in 2015. This increase in total expenses is primarily due to the expenses associated with our increased sales and marketing, business activity and expanded operations.

Key expenses are summarized as follows:

- **Technology Costs** increased by \$88,442 to \$191,223 during the quarter ended March 31, 2016 compared with \$102,781 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 on 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 \$158,363 to \$165,541 during the quarter ended March 31, 2016 compared with \$7,178 for the same period in 2015. During the quarter ended March 31, 2016 the Company hired additional sales staff to manage its existing customer base as well as identify new customers. This includes a one-time signing bonus paid to sales staff of \$100,000.
- **General and administrative** decreased by \$130,006 to \$239,105 during the quarter ended March 31, 2016 compared with \$369,111 for the same period in 2015. This decrease is primarily due to the decrease in non-cash related stock based compensation from \$165,035 for the three months ended March 31, 2015 compared to \$46,035 for the three months ended March 31, 2016.

Interest Income

Interest income decreased by \$819 to \$nil during the quarter ended March 31, 2016 compared with \$819 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 \$245,137 to \$444,343 during the quarter ended March 31, 2016 compared with \$198,387 for the same period in 2015. The major reason for the increased net loss was the timing of recognizing revenue for the current quarter as well as our increased investment in sales and marketing.

Working Capital

Our cash balance increased to \$905,516 and our working capital increased to \$992,338 as at March 31, 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 five most recently completed quarters to March 31, 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	2015			
In Canadian Dollars (\$)	Q1	Q4	Q3	Q2	Q1
Revenues	151,526	193,510	207,787	74,604	279,864
Technology costs	191,223	204,551	106,760	90,348	102,781
Sales and marketing	165,541	21,683	2,502	15,896	7,178
General and administrative	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	444,343	184,033	214,931	253,137	198,387
Loss per share (basic and diluted)	0.03	0.01	0.01	0.02	0.01
Total assets	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 March 31, 2016, the Company had working capital of \$992,338, 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	
	March 31, 2016	December 31, 2015
Current Assets	1,046,401	340,205
Current Liabilities	54,063	101,016
Working Capital	992,338	239,189

CAPITAL STRUCTURE

Common Shares

As of May 26, 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 May 26, 2016 was \$2.13 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:

	March 31, 2016	
	Number	Weighted average price
Outstanding, beginning of period	2,353,400	\$0.296
Granted	150,000	\$2.510
Outstanding, end of period	2,503,400	\$0.612
Exercisable, end of period	1,972,631	\$0.577
Options reserved for issuance under stock option plan	3,059,001	

The weighted average remaining contractual life of options outstanding at March 31, 2016 is 2.5 years. For the three months ended March 31, 2016, the Company recorded stock based compensation expense, with a corresponding credit to reserves of \$46,035 (March 31, 2015 \$145,095). The total fair value of stock options granted during the three months ended March 31, 2016 was \$169,777 (March 31, 2015 - \$155,271).

The following assumptions were used for the Black-Scholes valuation of the share options granted during the three months ended March 31, 2016:

	March 31, 2016
Risk free interest rate	0.58%
Expected life	2.5 – 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 March 31, 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 \$36,000 (March 31, 2015- \$36,000).

Included in accounts payable and accrued liabilities at March 31, 2016 is \$10,000 (March 31, 2015 - \$13,560) 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 Three Months Ended	March 31, 2016	March 31, 2015
Short term wages and benefits	\$ 116,250	\$ 123,000
Stock based payment reserve	46,035	165,036
Included in general and administrative expenses	\$ 162,285	\$ 288,036

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.