RIWI CORP.

ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

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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, 2017 and 2016, 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 audit 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 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, 2017 and 2016, 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

Vancouver, Canada
April 17, 2018

RIWI CORP.
Statements of Financial Position
As at December 31, 2017 and 2016
(Expressed in Canadian dollars)

		December 31, 2017		December 31, 2016
Assets				
Current assets				
Cash and cash equivalents	$	1,835,841	$	438,119
Term deposit		10,000		25,000
Accounts receivable (Note 4)		232,557		346,072
Prepaid expenses and other current assets		70,644		34,786
Total current assets		2,149,042		843,977
Property and equipment (Note 5)		938		-
Intangible assets (Note 5)		117,955		22,558
Total assets	$	2,267,935	$	866,535
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	135,091	$	105,252
Deferred revenue		502,191		221,380
Total liabilities		637,282		326,632
Shareholders' equity				
Share capital (Note 6)	$	5,539,315	$	4,058,500
Capital reserves		1,499,181		953,048
Accumulated deficit		(5,407,843)		(4,471,645)
Total shareholders' equity		1,630,653		539,903
Total liabilities and shareholders' equity	$	2,267,935	$	866,535

Nature of operations and going concern (Note 1)
Commitments (Note 14)

Approved and authorized for issuance on behalf of the Board on April 17, 2018.

"Neil Seeman" (signed)
Neil Seeman
Chairman of the Board and
Chief Executive Officer

"Annette Cusworth" (signed)
Annette Cusworth
Chair of the Audit Committee

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

RIWI CORP.
Statements of Loss and Comprehensive Loss
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
Revenues		
Sales (Note 13)	$ 1,688,628	$ 808,524
Interest income	3,017	-
Total Revenues	1,691,645	808,524
Expenses		
General and administrative (Note 9)	1,711,202	1,334,006
Sales and marketing	156,447	399,346
Technology costs (Note 11)	760,194	849,527
Total expenses	2,627,843	2,582,879
Net loss and comprehensive loss for the period	$ (936,198)	$ (1,774,355)
Net loss per share		
Basic and fully diluted	$ (0.06)	$ (0.12)
Weighted average number of common shares outstanding		
Basic and fully diluted	16,607,461	15,282,309

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

RIWI CORP.
Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Share Capital		Capital Reserves					
	Number of Shares	Amount	Share-based payment reserve	Warrants reserve	Other capital reserves	Total reserves	Accumulated Deficit	Total Equity
Balance, December 31, 2015	14,829,648	$ 2,392,696	$ 538,267	$ 19,941	$ 9,465	$ 567,673	$ (2,697,290)	$ 263,079
Share-based payment expense	-	-	377,525	-	-	377,525	-	377,525
Issuance of common shares and warrants for cash, net of issuance costs (Note 6)	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 and comprehensive 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
Balance, December 31, 2016	15,543,826	$ 4,058,500	$ 915,792	$ 27,791	$ 9,465	$ 953,048	$ (4,471,645)	$ 539,903
Share-based payment expense	-	-	406,349	-	-	406,349	-	406,349
Issuance of common shares and warrants for cash, net of issuance costs (Note 6)	656,571	1,308,030	-	300,569	-	300,569	-	1,608,599
Stock options exercised	1,056,250	160,258	(160,258)	-	-	(160,258)	-	-
Share purchase warrants exercised	5,000	12,527	-	(527)	-	(527)	-	12,000
Share purchase warrants expired	-	-	-	(25,697)	25,697	-	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(936,198)	(936,198)
Balance, December 31, 2017	17,261,647	$ 5,539,315	$ 1,161,883	$ 302,136	$ 35,162	$ 1,499,181	$ (5,407,843)	$ 1,630,653

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

RIWI CORP.
Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
Operating activities		
Net loss for the year	$ (936,198)	$ (1,774,355)
Items not involving cash:		
Amortization of property and equipment	312	-
Amortization of intangible assets	5,979	1,332
Share-based payment expense	406,349	377,525
	(523,558)	(1,395,498)
Changes in non-cash operating working capital:		
Accounts receivable	113,515	(242,284)
Prepaid expenses and other current assets	(35,858)	(8,432)
Accounts payable and accrued liabilities	29,839	4,236
Deferred revenue	280,811	221,380
Net cash used in operating activities	(135,251)	(1,420,598)
Investing activities		
Change in term deposit	15,000	(25,000)
Purchase of intangible assets	(101,376)	-
Purchase of property and equipment	(1,250)	-
Net cash used in investing activities	(87,626)	(25,000)
Financing activities		
Proceeds from issuance of common shares and warrants	1,608,599	1,643,864
Share issuance costs	-	(23,350)
Proceeds from exercise of warrants	12,000	53,140
Net cash provided by financing activities	1,620,599	1,673,654
Change in cash and cash equivalents	1,397,722	228,056
Cash and cash equivalents, beginning of the year	438,119	210,063
Cash and cash equivalents, end of the year	$ 1,835,841	$ 438,119
Non-cash financing activities:		
Fair value of stock options or share purchase warrants transferred to share capital upon exercise	$ 160,785	$ 18,374

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

1. NATURE OF OPERATIONS AND GOING CONCERN

RIWI Corp. (the "Company" or "RIWI") is a public company and its common 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 180 Bloor Street West, Suite 1000, Toronto, Ontario, M5S 2V6 and RIWI's registered and records office is located at 200 Burrard Street, Unit 200, Vancouver, BC, V7X 1T2.

RIWI provides digital intelligence information services to customers using a proprietary global digital data capture and message dissemination platform called Random Domain Intercept Technology. RIWI operates four growing business lines: (i) Global Finance; (ii) Global Security; (iii) Global Citizen Engagement; and (iv) Global Consumer. RIWI services clients through long- and short-term agreements with non-governmental organizations, corporations, and with organizations funded as prime contractors to government agencies. RIWI's platform is able to generate intelligence that is of importance to customers through the conduct of digital surveys and message testing campaigns that are targeted at Web users located throughout the world. The information generated from these surveys and message campaigns enables customers to monitor the effectiveness of programs, and 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, 2017, the Company had a net loss of $936,198 (year ended December 31, 2016 – $1,774,355). As at December 31, 2017, the Company had an accumulated deficit of $5,407,843 (December 31, 2016 – $4,471,645). The Company 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/or to generate profitable operations. 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

These financial statements 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 17, 2018.

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, consistent with the Company's significant accounting policies.

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

The Company changed its functional and reporting currency in its financial statements from Canadian dollars to U.S. dollars, for fiscal periods beginning on January 1, 2018, as a result of changes in its business, which is now predominantly U.S. dollar denominated. Historical financial information will be restated to U.S. dollars for comparative purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates and judgments

The preparation of these 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:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents

Cash consists of cash held on deposit in bank accounts and short-term guaranteed investments that can be readily converted into cash.

(c) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment losses. Depreciation is recorded over the useful lives of the assets using the straight-line method.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment, and any changes in estimates arising from the assessment are applied by the Company prospectively.

An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss.

(d) Intangible assets

The costs of acquiring intangible assets are capitalized when they meet the criteria in IAS 38 – *Intangible Assets*. Costs are amortized using the straight-line method over the estimated useful life of the intangible asset.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(h) Share-based payments

The grant date fair value of share-based payment awards granted to employees (including directors, senior executives and consultants, which meet the definition of a "employee" under IFRS 2 *Share-based Payment*) is recognized as share-based payment 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.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment using the Black-Scholes option pricing model.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date reflecting the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of comprehensive (loss) or income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period, and the corresponding amount is reflected in capital reserves.

(i) Foreign currencies

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Taxation

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 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.

(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 has adopted the relative fair value method with respect to the measurement of common shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from reserve for warrants 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statement of comprehensive loss.

Financial assets classified as receivables and held to maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive loss is reclassified to profit or loss

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

(n) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive (loss) or income.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in the statement of comprehensive loss in the period in which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of financial assets

The Company assesses at each date of the statement of financial position whether there are indications that a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in the statement of comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive loss.

(p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to the passage of time is recognized as interest expense.

(q) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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.

(i) 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. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of IFRS 9 on its financial statements, and expects measurement differences to not be significant.

(ii) 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. The Company's customer contracts are becoming longer in term, and as a result the Company will be recognizing revenue over time upon adoption of IFRS 15. The Company will transition to the new standard based on the cumulative effect method for contracts that are not fully completed prior to January 1, 2018. The Company is currently in the process of calculating the impact of the change on adoption.

(iii) 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 evaluating the potential impacts of IFRS 16 on its financial statements.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	December 31, 2017	December 31, 2016
Trade receivables	$ 232,557	$ 285,369
HST input tax credits	-	60,703
	$ 232,557	$ 346,072

(Expressed in Canadian dollars)

5. NON-CURRENT ASSETS

(a) Property and Equipment

Property and equipment consist of computers. The Company purchased one computer in July 2017 for $1,250 which is being amortized using the straight-line method over 24 months. The computer's carrying value at December 31, 2017 was $938. All the Company's other property and equipment was previously fully amortized and has no carrying value.

(b) Intangible Assets

	Patent	Domain Names	Total
Cost:			
Balance, December 31, 2016	$ 26,644	$ -	$ 26,644
Additions	-	101,376	101,376
Balance, December 31, 2017	26,644	101,376	128,020
Accumulated Amortization:			
Balance, December 31, 2016	(4,086)	-	(4,086)
Amortization	(1,333)	(4,646)	(5,979)
Balance, December 31, 2017	(5,419)	(4,646)	(10,065)
Carrying value:			
December 31, 2016	22,558	-	22,558
Balance, December 31, 2017	$ 21,225	$ 96,730	$ 117,955

Intangible assets consist of a patent and domain names. The Company filed US Patent #8,069,078 in 2007 and it expires in 2027. This patent relates to a method of obtaining a representative online polling sample. The Company has classified the patent as a finite life intangible asset and amortized it using the straight-line method over 20 years.

The Company purchased Internet domain names in 2017 for $101,376 which have strategic value for its future operations. The Company has classified the domain names as a finite life intangible asset and amortized them using the straight-line method over 10 years.

6. SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

Issued: The Company had 17,261,647 common shares issued and outstanding having a carrying value of $5,539,315 as at December 31, 2017.

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.

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%.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

On March 24, 2017, the Company completed a non-brokered private placement and issued 656,571 units at $2.45 per share for net proceeds of $1,608,599. Each unit consisted of one common share and one share purchase warrant exercisable to purchase one common share at $3.50 per share expiring on September 24, 2018. The share purchase warrants have a fair value of $300,569, calculated using the Black-Scholes option pricing model assuming an expected life of 18 months, a risk-free interest rate of 0.74%, an expected dividend rate of 0%, and an expected annual volatility of 74%.

There was a net loss and comprehensive loss for the years ended December 31, 2017 and 2016, therefore the effect of the stock options and warrants is anti-dilutive and the diluted loss per share remains $0.06 (December 31, 2016 – $0.12).

7. SHARE-BASED PAYMENTS

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.

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

	Number of Options	Weighted average exercise price
Balance, December 31, 2015	2,353,400	$ 0.49
Granted	382,500	2.29
Cancelled	(296,000)	1.42
Balance, December 31, 2016	2,439,900	0.66
Granted	520,000	2.02
Exercised	(1,180,298)	0.21
Balance, December 31, 2017	1,779,602	$ 1.35

In June 2017, 826,210 stock options were cashlessly exercised in exchange for 738,297 common shares. In July 2017, 354,088 stock options were cashlessly exercised in exchange for 317,953 common shares.

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 for the year ended December 31, 2017 and 2016:

	2017	2016
Risk-free interest rate	0.96 - 1.03%	0.58%
Expected life (in years)	2.5 - 3.0 years	2.0 - 3.5 years
Expected volatility	87 - 92%	83%
Forfeiture rate	10%	10%

The total fair value of the stock options granted during the year ended December 31, 2017 was $505,522 (2016 – $390,089).

For the year ended December 31, 2017, the Company recorded share-based payment expense, with a corresponding credit to reserves of $406,349 (2016 – $377,525).

(Expressed in Canadian dollars)

7. SHARE-BASED PAYMENTS (continued)

Additional information regarding stock options outstanding as at December 31, 2017 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
$ 0.57	354,102	0.9	354,102	$ 0.57
$ 0.86	623,000	2.3	623,000	$ 0.86
$ 2.00	200,000	4.6	100,000	$ 2.00
$ 2.01	120,000	4.7	20,000	$ 2.01
$ 2.04	200,000	4.5	193,750	$ 2.04
$ 2.14	232,500	3.5	232,500	$ 2.14
$ 2.51	50,000	3.2	50,000	$ 2.51
$ 1.35	1,779,602	2.9	1,573,352	$ 1.27

8. SHARE PURCHASE WARRANTS

	Number of Warrants	Weighted average exercise price
Balance, December 31, 2015	67,500	$ 0.86
Issued	248,822	2.40
Exercised	(62,000)	0.86
Balance, December 31, 2016	254,322	2.37
Issued	656,571	3.50
Exercised	(5,000)	2.40
Expired	(243,822)	2.40
Balance, December 31, 2017	662,071	$ 3.48

In September 2017, 5,000 share purchase warrants were exercised for proceeds of $12,000.

As at December 31, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price	Expiry date
656,571	$ 3.50	September 24, 2018
5,500	0.857	February 12, 2020
662,071		

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Amortization	$ 6,291	$ 1,332
Professonal and consulting fees	172,914	100,071
Salaries and benefits	926,632	729,331
Share-based payment expense	406,349	377,525
Rent and office expenses	140,441	127,024
Foreign exchange loss/(gain)	58,575	(1,277)
General and administrative	$ 1,711,202	$ 1,334,006

(Expressed in Canadian dollars)

10. INCOME TAXES

The following table reconciles the expected income tax 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, 2017 and 2016:

		2017		2016
Pre-tax loss for the year	$	(936,198)	$	(1,774,355)
Statutory tax rate		26.5%		26.5%
Tax recovery at statutory rate		(248,092)		(470,204)
Non-deductible expenses		107,978		100,286
Deferred tax assets not recognized and other		140,115		369,918
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. The Company has deferred tax assets arising from the following sources, the benefits of which have not been recognized in these financial statements as their utilization in the foreseeable future is not currently considered probable:

		2017		2016
Non-capital losses expiring 2031-2037	$	3,824,368	$	3,300,678
Financing costs		58,352		82,833
Intangible assets		28,433		22,920
		3,911,153		3,406,431
Statutory tax rate		26.5%		26.5%
Total deferred tax assets not recognized	$	1,036,456	$	902,705

The Company has non-capital loss carryforwards of approximately $3,824,368 (2016 – $3,300,678) 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		690,211
2034		418,904
2035		57,010
2036		1,395,827
2037		546,924
	$	3,824,368

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

(a) For the year ended December 31, 2017, included in technology costs are consulting fees and wages to the Company's Chief Technology Officer in the amount of $96,000 (2016 – $144,000). During September 2017, the Company's Chief Technology Officer transitioned from being a consultant to being appointed an officer of the Company, and those costs were moved to salaries expenses under general and administrative expenses.

(b) For the year ended December 31, 2017, the Company recognized share-based payment expense of $279,908 (2016 – $278,509) for stock options granted and vested for directors and officers.

(c) For the year ended December 31, 2017, the Company incurred wages of $654,160 (2016 – $386,250) for the Company's senior management team, including CEO, CFO, former CFO, CTO and Global Head, Citizen Engagement. The Company's directors are compensated through stock option grants.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2017, the Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature. These financial instruments are classified as follows:

- Cash and cash equivalents – loans and receivables
- Accounts receivable – loans and receivables
- Deposits – loans and receivables
- Accounts payable and accrued liabilities – other financial liabilities

The evaluation of the financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments measured at FVTPL.

The following is a discussion of the Company's risk exposures:

(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 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, 2017	88%	4%	8%	0%
December 31, 2016	60%	8%	22%	10%

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 for doubtful accounts:

		December 31, 2017		December 31, 2016
Balance, beginning of period	$	3,470	$	15,995
Change in provision		(3,470)		(12,525)
Balance, end of period	$	-	$	3,470

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

	December 31, 2017	December 31, 2016
Customer A	10%	3%
Customer B	-	13%
Customer C	-	11%
Customer D	-	10%

(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 online advertising technology services, server hosting, general and administrative, and other expenses and are paid within one year.

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

(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, and is not exposed to any significant interest rate risk.

(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, 2017, financial instruments were converted at a rate of $1.00 Canadian to US$0.7971. Balances denominated in foreign currencies as at December 31, 2017 were as follows:

		In CAD		In USD
Cash	$	1,028,594	$	819,923
Accounts Receivable		193,572		154,302
Accounts Payable		24,308		19,377

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The estimated impact on net loss at December 31, 2017 with a +/- 10% change in US dollar exchange rate is approximately $158,006 (December 31, 2016 – $57,613).

(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.

13. SEGMENT REPORTING

The approximate sales revenue based on geographic location of customers for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
United States of America	$ 746,842	$ 401,563
Canada	178,339	238,672
Europe	495,194	34,174
Other	268,252	134,115
	$ 1,688,628	$ 808,524

14. COMMITMENTS

The Company's head office currently shares space with a third-party firm. The total lease payments are $11,850 per month beginning on June 1, 2018, increasing to $11,991 per month on June 1, 2020. The Company is responsible for 50% of the monthly lease payments. The office lease expires on May 31, 2023.