IDENTILLECT TECHNOLOGIES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2018

Dated: May 30, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This interim management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Identillect Technologies Corp. ("Identillect" or the "Company") for the three months ended March 31, 2018 and is prepared as at May 30, 2018. This interim MD&A serves as an update from the Company's annual MD&A as at and for the year ended December 31, 2017. Additionally, this interim MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2017 and 2016 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018, which were prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements.

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

APPROVAL

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that this interim MD&A does 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 periods reported. The Financial Statements together with the other financial information included in this interim MD&A 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 this Interim MD&A. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board of Directors has approved the unaudited condensed consolidated interim financial statements and MD&A, as well as ensured that management has discharged its financial responsibilities as at May 30, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements that are subject to certain risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "continue", "expect", "may", "will", "believe", "should" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

These forward-looking statements include, but are not limited to, statements relating to:

- the Company's ability to continue as a going concern;
- the Company's ability to raise additional capital through the issuance of equity or debt instruments;
- the Company's strategies and objectives;
- the Company's cost reductions and other financial operating objectives;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they become due;
- the Company's ability to identify, successful negotiate and/or finance an acquisition of a new business opportunity;
- the positive cash flows and financial viability of new business opportunities;
- the Company's ability to manage growth with respect to a new business opportunity; and
- the Company's tax position, anticipated tax refunds and the tax rates applicable to the Company.

Actual results and developments are likely to differ, and may differ significantly, from those expressed or implied by the forward-looking statements in this report. These statements are based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- changes in the financial markets generally and our ability to raise sufficient funding to pay creditors and continue as a going concern; and
- the continued financial support of the Company's debt holders and shareholders.

Readers are cautioned that the lists of risks, uncertainties, assumptions and other factors are not exhaustive. The forward-looking statements are expressly qualified by this cautionary statement.

OVERVIEW

Identillect Technologies Corp. is a Canadian public company that is listed on the TSX Venture Exchange (the "Exchange") under the symbol ID. The Company was incorporated under the Canada Corporations Business Act on December 27, 1985, registered extra-provincially under the British Columbia Company Act on July 9, 1987, and effective June 18, 2014 the Company was continued into British Columbia. The Company's principle address is 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3 and its registered and records office is 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The Company's wholly owned subsidiary, Identillect Inc. was incorporated under the Nevada Business Corporation Act on August 24, 2010. Identillect Inc. is a software development company that has developed an email encryption software solution. The head office of Identillect Inc. is located at 23686 Birtcher Dr., Lake Forest, CA 92630.

The primary activity of Identillect has been the research, design and development of an email encryption solution for use by business and individuals in their day-to-day communication. The result of these efforts has been the creation of its Delivery Trust™ software. Identillect's Delivery Trust™ proprietary e-mail encryption technology targets organizations of all sizes, as well as individuals (i.e. medical professionals, insurance companies, accountants, lawyers, real estate agents, educators) on a monthly subscription basis. Delivery Trust™ can be accessed by professionals on a vast array of electronic communication devices. All messages and their attachments are secured with patented, state-of-the-art encryption technology while providing complete control of the message with the click of a button, ensuring safety and control while in transit. In addition, Identillect's software empowers senders to maintain control of their messages by restricting recipients' printing/forwarding/viewing privileges, audit log, read receipt as well as securing all replies from recipients, without any requirement for them to register.

Identillect sets itself apart from its competition with unique and intuitive customizable security and control capabilities. These controls work with many platforms such as Outlook, O365, and O365 for Apple, Outlook.com, Hotmail.com, Gmail.com, Web Mail, and Mobile applications.

Since commercializing the product, Identillect has quickly grown its subscriber base and is becoming recognized in the security industry as a top e-mail security provider. Visit https://identillect.com/ to learn more.

DEVELOPMENTS

The following key and strategic milestones met during the quarter ended March 31, 2018 included:

- Launched electronic signature wizard to allow templating for businesses creating limitless opportunity for them to standardize client communication and authorizing documentation with their clientele with minimal effort. This templating also improves end-user experience and improved usability.
- Launched Gmail plugin allowing users to encrypt and decrypt emails directly from Gmail in the Chrome browser. This allows secure communication to occur directly from Gmail, therefore, users do not need to navigate to Identillect web portal for secure email communication.
- Launched an Office 365 Plug-in for Delivery Trust™ which possesses all the functionality of the other Delivery Trust™ products and allows users working directly from the web access of Outlook in Office 365 to work direct.
- Launched Office 365 Secure scan technology, Secure Scan technology coupled with Delivery Trust™ email security eliminates the possibility for users to inadvertently send out sensitive information in an unsecured message.
- Launched Office 365 server-side secure scan technology which allows a business administrator to automatically scan emails for sensitive terms and phrases which need to be secured.
- Enhanced Outlook plugin speed and accessibility and maximized connectivity form external links.
- Developed a new 'getting started' process which simply allows new users to integrate the Delivery Trust® system and makes it easy for even the most novice user to secure their organizational or company email with a few easy steps.
- Launched a new corporate website. The new site reflects recent product updates and an enhanced focus on user interface and experience. Development of Gmail version 2, a fully integrated security platform integrated into Gmail platform, expanding the user base Identillect can market to. The public website has been separated from the secure web portal, this has allowed for increased levels of security for web portal access.

- Create HIPAA specific landing page on website to provide more detailed information for customers in the medical space which are required to have an increased level of security in their email communications.
- Enhanced vulnerability testing for website and web-portal to maximize security measure securing against outside threats.
- Increased user authorization, utilizing the most advanced API available to advance user level authorization
- Single Sign On implemented for Microsoft and Google based environments to simplify the user login process and maximize security protocols.
- Integrated blockchain technology to create verification of the encryption key process on every email which is required by many new advancements in regulations. Additionally, this technology is used to thwart man-in-the-middle attacks which is a major issue for industries experiencing wire fraud.
- Created European data center for Amazon s3, to allow growth into the European markets with the new expanded GDPR regulation which is going into effect May 25th, 2018, which will affect all European businesses and all United States businesses doing business with European companies.
- Expanded reseller portal allows for more integrated reseller partners and advanced joint marketing campaigns and automation.
- A full-time developer advancing technology to increase the scalability and modularity of Delivery Trust. This will allow faster development time, continuous integration/development practices, and accelerates delivery of new functions.
- Hired Ken Gertsen, Product Manager for Identillect. Mr. Gertsen was previously with Quest Software, and Dell, where he lead his team to win the Gold Stevie® Award in 2014 for “New Product or Service of the Year – Software - Systems Management Solution” from The American Business Awards. Mr. Gertsen has joined Identillect to assist in the continued advancement of Delivery Trust™.
- Identillect’s common shares are now dual-listed on the TSX Venture Exchange and the Frankfurt Stock Exchange, one of the largest stock exchanges in the world. Additionally, the Company successfully commenced trading on the OTCQB Marketplace under the symbol IDTLF.

OUTLOOK

Enterprise applications are moving to the cloud in droves; Gartner estimates the enterprise shift to the cloud will affect $1 Trillion in IT spending by 2020, and State of cloud adoption and security predicts that within 15 months, 80% of all IT budgets will be committed to cloud solutions.

Email communication still remains one of the top communication paths for businesses, while it still has inherent vulnerabilities which have created advanced regulatory change to elevate demands for organizations of all industries. The “email malware rate has increased to 1 in every 359 emails. Phishing emails have also increased to 1 in every 1,968 emails.”

Identillect Technologies, with its Delivery Trust™ email encryption solution, is poised to expand its brand as the leader in email security with the Company’s focus on a growing subscriber base in a variety of industries, both through direct sales and reseller partnerships.

Email-borne cyber-attacks have become a major issue for business communications, and it’s a problem that has adversely affected almost every industry. The most recent estimates of the average cost of a data breach is $3.62 million. To ensure companies protect the sensitive data of customers and, in the healthcare industry their patients, lawmakers are imposing new rules and regulations companies are required to adhere to when communicating any type of personal identifying information with clients or other businesses. These regulations are affecting businesses on a state, federal, and industry level. These regulations are now going globally as the GDPR (Global Data Protection Regulation) is the most aggressive stance ever taken to secure personal identifiers across 28 countries in Europe affecting every single business dealing with client information. The fines are as much a 4% of topline revenue for non-compliance of the regulation. This regulation will affect other companies around the world doing business on a global stage, therefore, the reach of this regulation has no boundaries.

HIPAA is the medical compliance regulation in the United States; this regulation specifies how all organizations dealing with patient health information must secure it. Currently, HIPAA is performing phase 2 audits requiring all entities affected by the regulation and all companies doing business with those entities to secure data in transit. With over 30 million medical records breached in 2017 alone, the healthcare industry is consistently one of the most targeted sectors for cybercriminals. https://breachlevelindex.com/

Cyber criminals also affect other industries such as financial, legal, real-estate, and all businesses in Europe. North America is seeing the greatest number of breaches in the world. In the U.S., Canada, Mexico, and Central America, 86% of all the breaches occurred worldwide come from North America. Identillect focuses on providing encryption technology to advance the amount of protected information and limit the successful breaches.

With ever-increasing regulations, data breaches are now one of the largest issues businesses are facing in retaining the security of their clients' information and consequently insuring the integrity of their businesses reputation. Identillect's product, Delivery Trust™ with Smart Scan technology allows businesses to enforce compliant employee e - mailing behaviour by requiring the use of encryption when sensitive content is identified.

The Company has greatly expanded its strategic partner network to a wide array of managed information technology (IT), software-as-a-service (SAAS) and compliance organizations. One of the key areas of growth which the Company is currently focused on is in assisting its reseller partners to implement compliance within the many regulated industries to ensure their clients are complying and do not fall victim to substantial fines.

Due to greater exposure in its target markets, Identillect expects to continue to gain the attention of larger organizations such as hospitals, insurance companies, legal, real-state and benefits providers in the United States, resulting in significant growth in Identillect's subscriber base.

As underscored by recent partnerships Identillect has announced with IT companies throughout North America, businesses moving their IT operations to the cloud face a growing need for a trusted, brand-defining tool that protects their communications from email-borne cyber-attacks and provides them with a roadmap to protect their sensitive customer data from cybercriminals. With Delivery Trust™, Identillect will grow its brand as the leader in email encryption and email safety.

SUMMARY OF QUARTERLY RESULTS[1]

	1st Quarter Ended Mar 31, 2018	4th Quarter Ended Dec 31, 2017	3rd Quarter Ended Sept 30, 2017	2nd Quarter Ended Jun 30, 2017
Total revenue	$280,571	$268,010	$236,894	$223,309
Net loss and comprehensive loss	$333,520	$514,922	$359,679	$681,019
Basic and diluted loss per share	$(0.00)	$(0.01)	$0.01	$0.01

	1st Quarter Ended Mar 31, 2017	4th Quarter Ended Dec 31, 2016	3rd Quarter Ended Sept 30, 2016	2nd Quarter Ended Jun 30, 2016
Total revenue	$182,717	$161,410	$175,676	$164,298
Net loss and comprehensive loss	$448,967	$399,629	$322,420	$2,141,243
Basic and diluted loss per share	$(0.01)	$(0.01)	$(0.01)	$(0.06)

[1] *The information presented is derived from the respective unaudited condensed interim financial statements which have been prepared by management using accounting policies consistent with IFRS and in accordance with IAS 34-Interim Financial Reporting*

Historic results represent the results and operations of Identillect. The expenses and operations of Quentin are included from the date of the RTO on May 18, 2016. The results of the three months ended June 30, 2016 include a non-cash listing expense of $1,761,611 related to the RTO. Details regarding the expense are included in the consolidated financial statements for the year ended December 31, 2016.

The revenues of Identillect have increased over time as the Company works to expand its sales. Correspondingly, corporate activity and expenditures have increased.

RESULTS OF OPERATIONS

For the three months ended March 31, 2018

The following is an analysis of the Company's operating results for the three months ended March 31, 2018, and includes a comparison against the three months ended March 31, 2017.

Sales revenue, which consisted primarily of sales of software for the three months ended March 31, 2018 was $280,571, as compared to $182,717 for the three months ended March 31, 2017. The Company continues to expand its subscriber base.

Cost of sales for the three months ended March 31, 2018 was $66,969, as compared to $49,838 for the three months ended March 31, 2017. The increase corresponds with the increase in sales.

Operating costs for the three months ended March 31, 2018 were $32,963 as compared to $41,821 for the three months ended March 31, 2017. The decrease is the result of a reduction in software costs during the quarter.

Professional fees for the three months ended March 31, 2018 were $30,500 as compared to $50,280 for the three months ended March 31, 2017. The decline is a result of a decrease in legal fees.

Salaries and wages for the three months ended March 31, 2018 were $236,211 as compared to $330,472 for the three months ended March 31, 2017. The decrease is due to a deduction in the staffing of the technical department.

Sales and marketing for the three months ended March 31, 2018 were $18,230 as compared to $127,547 for the three months ended March 31, 2017. The decline is a result of the Company changing its approach to increasing awareness.

Bad debts expense for the three months ended March 31, 2018 was $60,127 (2017 - $Nil) reflecting the Company's allowance policy against receivables outstanding longer than 90 days.

Comprehensive loss for the period

As a result of the activities discussed above, the Company experienced a comprehensive loss for the three months ended March 31, 2018 of $333,520 as compared to comprehensive loss $448,967 for the three months ended March 31, 2017.

LIQUIDITY AND CAPITAL MANAGEMENT

The Company considers the aggregate of its share capital and deficit as capital. The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

At March 31, 2018, the Company has not achieved profitable operations and has accumulated losses and expects to incur further losses in the development of its business. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the three months ended March 31, 2018.

The Company experienced a net loss and comprehensive loss of $333,520 for the three months ended March 31, 2018 (March 31, 2017 - $448,967). The Company has a history of losses and accumulated losses of $9,142,454 since its inception. The Company anticipates further future losses until the Company secures sales contracts to sustain positive cash flows. Identillect has created a product which is efficient, easy to use, and cost effective for people to implement into their day to day communications. With this ease of use and seamless integration into already existing email systems, combined with privacy protection to prevent breaches in confidentiality, Identillect anticipates a high user adoption rate of its Delivery Trust product, with a direct impact on the growth of Identillect's sales revenue.

During the three months ended March 31, 2018, the Company's operating activities consumed cash of $273,566 (2017 - $532,270).

Financing activities generated $5,983 (2017 - $989,615) in the period. The Company generated $5,983 in relation to cash paid for warrants exercised. There was no private placements for the period ending March 31, 2018 (2017 - $1,292,424), as such, there were no corresponding share issuance costs for the period (2017 - $36,828). In the three months ended March 31, 2017, the Company repaid $258,419 in loans and interest. Detailed debt schedules are provided in the accompanying unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018.

The Company's financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. See below under liquidity risk for further information regarding the going concern assumption.

TRANSACTIONS WITH RELATED PARTIES

The Company defines key management personnel as directors and officers.

The following table summarizes the Company's activities with key management personnel:

Type of Service	**Nature of Relationship**	**For the three months ended March 31,**	
		2018	2017
Consulting fees	To a Company related to a director	**$30,823**	$16,996
Salaries and wages	To officers of the Company	**48,606**	55,286
Legal	To a law firm for which a Director is a partner thereof	**2,245**	15,547
Share-based payments expense	Officers/ Directors	**37,188**	27,416
		$ 118,862	$115,245

The following table represents amounts due to related parties included in accounts payable and accruals:

Type of Service	**Nature of Relationship**	**March 31, 2018**	December 31 2017
Other payables	To directors and companies related to a director	**$ 8,143**	$ 18,982
Legal Fees payable	To a law firm for which a director is a partner	**2,305**	36,158
Salaries and wages	To an officer of the Company	**48,288**	41,395
		$ 58,736	$ 96,535

Unless otherwise specified, amounts payable to related parties referred to are non-interest bearing, unsecured, payable on demand, and have arisen from the provision of services and expense reimbursements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

a. Fair value of financial instruments

As at March 31, 2018 and December 31, 2017, the Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, loans, and convertible debenture. Cash and receivables are classified as amortized cost. Accounts payable and accrued liabilities, loans, and convertible debentures are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

b. Financial Instrument risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

i. Credit risk

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

The Company places its cash with institutions of high-credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances. As at March 31, 2018, accounts receivables of $337,535 (December 31, 2017 - $393,236) are from subscribers of the Company's Delivery Trust sales. The subscribers represent a well-diversified group of individuals and small to mid-sized companies. There is moderate risk that some of these subscribers may fail to make payments, however each subscriber amount taken individually is not material and the Company actively monitors its monthly collections so as to mitigate the amount of a potential financial impact.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily based on days past due.

The loss allowance provision as at March 31, 2018 is determined to be 50% on amounts outstanding longer than 90 days. The total provision as at March 31, 2018 was $106,271.

For the three months ended March 31, 2018, no significant changes were noted for the expected loss rates.

The loss allowance provision for trade receivables as at March 31, 2018 reconciles to the opening loss allowance provision as follows:

Loss allowance provision	March 31, 2018
December 31, 2017	**$ 46,144**
Applied during the period	60,127
March 31, 2018	**$106,271**

ii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has not yet achieved profitable operations, and expects to incur further losses in the development of its business. The Company's objective in managing liquidity risk is to minimize operational costs and to maintain sufficient liquidity in order to meet its operational requirements at any point in time. The Company manages liquidity risk through the management of its capital structure as outlined in Note 12 of the accompanying unaudited condensed consolidated interim financial statements.

Until such time as the Company's operations are profitable and can internally generate sufficient funds to finance its operating costs, the Company remains dependent upon the financial support of its shareholders. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

At March 31, 2018, the Company has working capital of $242,494 (December 31, 2017 – $498,157) and the Company has insufficient working capital to fund its operating requirements for the next 12 months. The Company's continued operations will remain dependent on external sources of financing until such time as it can internally generate sufficient income from software sales to service its on-going operating cost requirements. Future funding may be obtained by means of issuing share capital, the exercise of warrants, the exercise of stock options or debt financing. Based on these facts, the Company is significantly exposed to liquidity risk.

iii. Market risk

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

a. Interest rate risk

As of March 31, 2018, the Company did not have any investments in investment-grade short-term deposit certificates, and interest exposure with respect to its cash balances is minimal.

As at March 31, 2018, the Company had loans bearing interest at a fixed rate of 10% and convertible debentures bearing interest at a fixed rate of 7% per annum and as such is not significantly exposed to interest rate fluctuations.

b. Foreign currency risk

At March 31, 2018, $413,927 of the Company's liabilities and $631,922 of its current assets are denominated in Canadian funds. A 1% change in the Canadian/US dollar exchange rate would result in a $2,811 net impact on the Company's foreign exchange gain or loss. As at March 31, 2018, the Company is moderately exposed to foreign exchange fluctuations.

SHARE CAPITAL

a. Authorized

Unlimited number of common shares, without par value.
Unlimited number of preferred shares, without par value.

b. Issued and outstanding

During the period ended March 31, 2018, 50,000 common shares were issued for exercised stock options for which $6,024 had been received as at December 31, 2017. Upon exercise of the options $4,709 share-based payment reserve was reclassified as share capital. During the period ended March 31, 2018, 50,000 warrants were exercised into common shares for proceeds of $5,983.

	Number of Common shares
Balance as at December 31, 2017	**97,115,964**
Warrants exercised	50,000
Options exercised	50,000
Balance as at March 31, 2018 and the date of this MD&A	**97,215,964**

c. Stock Options

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less an applicable discount. The options can be granted for a maximum term of ten years.

	Number of Options	Weighted Average Exercise Price (Cdn$)
Balance, December 31, 2017	**6,246,875**	**$ 0.17**
Issued	150,000	0.15
Exercised	(50,000)	0.16
Balance, March 31, 2018 and the date of this MD&A	**6,346,875**	**$ 0.18**

Grant Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price (Cdn$)	Expiry date
May 24, 2016	3,000,625	3,000,625	$0.20	May 24, 2021
November 23, 2016	286,250	214,688	$0.13	November 23, 2021
March 1, 2017	250,000	125,000	$0.11	March 1, 2022
November 3, 2017	2,500,000	1,212,500	$0.16	November 3, 2022
November 22, 2017	100,000	25,000	$0.22	November 22, 2022
November 22, 2017	10,000	2,500	$0.20	November 22, 2022
January 12, 2018	150,000	-	$0.15	January 12, 2023

d. Warrants

	Number of warrants	Weighted average exercise price (Cdn$)
Balance, December 31, 2017	50,000	$ 0.15
Exercised	(50,000)	0.15
Balance, March 31, 2018 and the date of this MD&A	**-**	**$ -**

e. Broker Warrants

	Number of warrants	Weighted average exercise price (Cdn$)
Balance, December 31, 2017, March 31, 2018 and the date of this MD&A	**291,000**	**$ 0.12**

Number of Warrants Outstanding	Weighted Average Exercise Price (Cdn$)	Expiry date
291,000	$ 0.12	November 20, 2018

CHANGES IN ACCOUNTING POLICIES

Except for the adoption of IFRS 9 and IFRS 15, the accounting policies applied in the condensed consolidated interim financial statements for the three months ended March 31, 2018 are the same as those applied in the most recent audited annual consolidated financial statements as at and for the year ended December 31, 2017 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

New standards and interpretations adopted

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”).

The Company has adopted IFRS 9 retrospectively as of January 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 does not have a material impact on the Company’s consolidated financial statements.

Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the guidance in IAS 39, on the classification and measurement of financial assets. IFRS 9 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.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed on its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortized cost, these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company's financial assets previously carried as loans and receivables are now classified as amortized cost without material impact to carrying values.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The Company will measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses on trade and other receivables are presented as bad debts expense in the statement of loss and comprehensive loss, similar to the presentation under IAS 39.

The Company has determined that the application of IFRS 9's impairment requirements as at January 1, 2018 does not result in any additional impairment allowances.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts,* and related interpretations. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements.

The Company has adopted the modified retrospective approach which allows the cumulative impact of the adoption to be recognized in retained earnings as of January 1, 2018 and that the comparative figures will not be restated. Changes in accounting policies resulting from the adoption of IFRS 15 does not have a material impact on the Company's consolidated financial statements.

Revenue recognition

The Company sells its technology on a software-as-a-service ("SaaS") basis. Subscription revenue is recognized over time when the right to access the Company's technology is transferred to the customer over the term of the subscription period. Purchase agreements are typically for a monthly or annual period and related fee. Contracts for subscriptions are sold to personal and corporate users and if billed upfront and prior to revenue recognition, results in deferred revenue. Customers may also be billed subsequent to revenue recognition which results in trade receivables.

FUTURE ACCOUNTING PRONOUNCEMENTS

The following standard, made mandatory by the IASB, has not yet been adopted by the Company and is being evaluated to determine its impact:

- IFRS 16 *Leases*: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 *Leases* and instead introduces a single lease accounting model. The standard is effective for annual periods beginning on or after January 1, 2019.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

a. Critical accounting judgements

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

a) Expected credit losses

Expected credit losses (“ECLs”) on trade receivables are calculated based on the expected credit loss for clients with an accounts receivable balance greater than 90 days past due. When determining ECLs, the Company considers the historic credit losses observed by the Company, customer-specific payment history and economic conditions.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience, informed credit assessment and forward-looking information.

b) Share-based payments

The fair value of stock options issued with Canadian dollar exercise prices are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

c) Valuation of financial instruments

The Company is required to determine the valuation of convertible debentures at inception. The convertible notes valuation required discounted cash flow analysis that involved various estimates and assumptions (Note 8 of the March 31, 2018 financial statements).

b. Critical accounting judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the statements are, but are not limited to, the following:

i. Determination of functional currency

The functional and reporting currency of the Company is the US dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

ii. Going Concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company. As at March 31, 2018, the Company had working capital of $242,494 (December 31, 2017 - $498,157). The Company likely has insufficient funds from which to finance its operating activities for the next 12 months; consequently, the Company remains dependent on external sources of financing until such time as it can internally generate sufficient income from software sales to service its on-going operating cost requirements.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties of the Company are detailed in management’s discussion and analysis for the year ended December 31, 2017. There have been no material changes in the period.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com