MANAGEMENT'S DISCUSSION AND ANALYSIS

CANHAUL INTERNATIONAL CORP.

For the three months ended September 30, 2016

General

This Management's Discussion and Analysis ("MD&A") contains important information about our business and our performance for the three months ended September 30, 2016. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes of the Company for the three months ended September 30, 2016, and our annual June 30, 2016 Consolidated Financial Statements and notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts within this MD&A are presented in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as of November 23, 2016 and was approved by the Board of Directors on that date. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more information. We, us, our, CAN Telematics, CANHaul and the Company refer to CANHaul International Corp. and its subsidiary.

In this MD&A, "this quarter" refers to the three months ended September 30, 2016, which is the first quarter of our 2017 fiscal year. All results commentary is compared to the equivalent period in the 2016 fiscal year or as at September 30, 2015, as applicable, unless otherwise indicated (the "Prior Period").

Non-GAAP Financial Measures

This MD&A contains references to certain non-GAAP financial performance measures such as earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted EBITDA, subscribers and recurring revenue, which do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, not a substitute for, the Company's results of operations reported under IFRS. See "Non-GAAP Measures".

Forward-looking Information

This document contains forward-looking statements. Statements other than statements of historical fact contained in this document may be forward-looking, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance, business prospects, and opportunities of the Company, the general economy, the future financial position or results of the Company, business strategy, growth opportunities, budgets, and projected costs and plans and objectives of the Company Investors can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, investors are cautioned not to place undue reliance on any forward-looking information contained in this document.

Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession as of the date of this document. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Statements containing forward-looking information involve significant known and unknown facts and uncertainties of both a general and specific nature, as well as numerous assumptions, including without limitation, assumptions relating to customer demand, expected growth and expected growth rates, the successful completion of equity and debt financings, the size of future equity financings, competitive advantages of the Company's products and services, costs of material and services, access to capital, access to qualified personnel, production capacity, and required capital expenditures.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: reliance on key personnel, general economic conditions, The

Company limited operating history, industry conditions, currency fluctuations, competition from other industry participants, the lack of availability of qualified personnel or management, reliance on third party suppliers, dilution of interests of shareholders, and ability to access sufficient capital from internal and external sources. The information contained in this document may identify additional factors that could affect the operating results and performance of the Company

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document.

Corporate Profile

CANHaul International Corp., through its wholly owned subsidiary CAN Telematics Inc., has developed a proprietary Software as a Service (SaaS) solution called Trakopolis™. Trakopolis provides business intelligence to any organization that requires the location, status and relevant data on corporate assets such as equipment, devices, vehicles and people.

Quarterly Performance

	Sep 30, 16	Jun 30, 16	Mar 31, 16[1]	Dec 31, 15	Sep 30, 15	Jun 30, 15	Mar 31, 15[1 2]	Dec 31, 14[2]
Subscription revenue	796,716	809,193	844,407	883,836	885,378	858,194	861,300	836,314
Hardware and other revenue	476,467	332,011	426,375	236,093	336,964	384,488	875,353	907,333
Total revenue	1,273,183	1,141,205	1,270,782	1,119,929	1,222,342	1,242,682	1,736,653	1,743,647
Gross Profit	717,856	704,041	696,785	585,827	701,259	783,141	968,228	948,671
Gross Margin	56%	62%	55%	52%	57%	63%	56%	54%
EBITDA[3]	(1,097,946)	(1,079,377)	(163,370)	(942,569)	(1,433,028)	(791,902)	(696,707)	(773,918)
Net loss	(1,288,229)	(1,229,659)	(318,334)	(1,092,587)	(1,553,635)	(1,062,602)	(793,719)	(862,233)
Adjusted EBITDA[3]	(488,750)	(606,480)	44,903	(697,564)	(661,133)	(628,880)	(488,433)	(528,913)
Share capital	12,756,187	12,624,486	12,419,473	12,419,472	11,478,642	11,332,807	9,417,060	9,417,060
Total assets	2,056,637	2,180,175	1,147,497	1,120,867	1,131,464	1,298,192	1,648,154	1,555,157
Total liabilities	7,365,449	6,218,071	4,288,755	4,167,633	3,397,578	3,344,104	2,900,442	2,471,138

The above table highlights selected financial information for each of the eight most recent quarters that, in management's opinion, have been prepared on a basis consistent with the accounting policies stated in the audited consolidated financial statements for the year ended June 30, 2016. The financial information presented reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods.

Revenue

[1] In Q3 fiscal 2016 and Q3 fiscal 2015, the Company received Scientific Research and Experimental Development ("SR&ED") rebates of $479,000 and $213,000 respectively.

[2] Q2 and Q3 fiscal 2015 include large enterprise sales of over $1,000,000 in hardware revenue recognized over the 2 quarters.

[3] Refer to "Non-GAAP Measures".

Hardware Revenue

The Company does not manufacture hardware, instead it integrates with proven products from sophisticated vendors in order to satisfy the evolving needs of customers.

Hardware revenue increased by 22% for the three months ended September 30, 2016, compared to the same period of the previous fiscal year. The Company realized increased sales from channel and dealer partners and increased pilot activity with new units deployed through a strategic partnership in gas detection integration.

Three months ended September 30

	2016	2015	$ change	% change
Hardware revenue	408,151	334,298	73,853	22%

Subscription Revenue

Subscription revenue is recurring and is generated in the form of monthly subscriptions for service fees for the Company's proprietary platform "Trakopolis", combined with revenues earned relating to customer data sent via cellular and satellite networks. The Company offers monthly subscription packages that include access to Trakopolis and associated data plans based on customer needs.

Subscription revenue decreased by 10% for the three months ending September 30, 2016, compared the same period of the previous fiscal year. This decrease was primarily due to the decline experienced through fiscal 2016 as a result of the downturn in the oil and gas market. Oil and gas represented over 45% of our customer base and budget and cash restraints within the sector resulted in cancellations as well as increased demand for lower priced subscriptions, lowering the overall average revenue per subscription.

Three months ended September 30

	2016	2015	$ change	% change
Subscription revenue	796,716	885,378	(88,662)	-10%

Revenue by Type

Hardware sales represented a larger portion of the sales mix for the three months ended September 30, 2016, compared to the same period in the previous year. Increased hardware sales are expected to translate into increased subscription revenue growth starting in the next quarter with a number of hardware sales realized late in the period. Software development revenue is associated with a strategic partnership in power monitoring, highlighting the strategic focus on vertical diversity and the "Internet of Things" ("IOT") approach.

Three months ended September 30

	2016	2015	$ change	% change
Hardware revenue	408,151	334,298	73,853	22%
Subscription revenue	796,716	885,378	(88,662)	-10%
Software development	65,000	-	65,000	100%
Consulting and other revenue	3,316	2,666	650	24%
	1,273,183	1,222,342	50,841	4%

Revenue by Source

The Company continues expanding its dealer and channel partnerships as a major source of revenue generation and market penetration. This approach leverages our sales reach and provides opportunity to collaborate and integrate new products and expand our presence in other markets and other sectors.

Channel partners represented 48% of our sales lead generation through the three months ended September 30, 2016 which is a 17% increase from the same period in the prior year. Increased activity from existing channel and dealer partners is a continued focus along with the addition of new channel and dealer partners. A stabilized oil and gas market is expected to provide further expansion within the existing channel partners in western Canada.

Three months ended September 30

	2016	2015
Direct sales	52%	69%
Channel partners and dealers	48%	31%
	100%	100%

Enterprise Customers

Our product and sales approach is increasingly focused on enterprise clients. We define enterprise clients as those who are able to track over 250 assets. This approach allows us to market a more comprehensive offering to enterprise clients. New relationships with proven products and our API integration allow us to leverage our platform for an all-encompassing enterprise solution. The Trakopolis solution capitalizes on the IOT revolution, evidenced by new partnerships such as InsureMy and the ConnectX Lone Worker solution with Honeywell Analytics.

Enterprise Partnerships

The Company is currently engaged in several enterprise level partnerships each with opportunity to generate revenue for the Company. These partnerships are key in expanding our channel enablement strategy, and our geographical expansion, primarily into the US market. These partnerships include:

- Honeywell Life Services — *Gas Detection Product*
- Tanklink — *Remote and fixed tank level monitoring*
- The Driving Force — *White label re-seller for fleet management services*
- Bell Mobility — *Bill on Behalf National Partnership*
- Telus — *National Marketplace Bill on Behalf Partnership*
- InsureMy — *Intact Insurance supported time based insurance Joint Ventur*

Gross Margin

Gross margins are dependent on the mix of hardware and recurring revenue (ie. Subscription revenue) sold in the period. Hardware sales typically generate lower gross margins than recurring revenue. Hardware margins are directly correlated to volume with the larger volume orders offered at reduced margins. The timing and size of one-time hardware sales tends to be somewhat uncertain and therefore creates periodic margin volatility.

Subscription and hardware gross margins each increased for the three months ended September 30, 2016, compared to the same period in the prior year. Total blended gross margin decreased by 1% due to the revenue mix for the period, compared to the same period in the prior year. Subscription margins increase due to continued economies of scale reducing our cost per subscription. The Company focused on cost reductions within cost of sales, of which the benefit was realized in the period.

Hardware margins increase by 26% for the three months ended September 30, 2016, compared to the same period in the prior year. This was due to demand for higher gross margin products such as those hardware units with Wi-Fi capability.

Three months ended September 30

	2016	2015	Change

Subscription gross margin	72%	70%	2%
Hardware and other revenue	30%	24%	6%
	56%	57%	-1%

Operating Costs

Operating costs include all wages and salaries, sales and marketing, research and development, general and administrative, and share-based compensation costs. The Company's operating costs for the three months ended September 30, 2016 were $1.8 million representing a 15% reduction for the same period in the previous fiscal year.

General and Administrative Expense

General and administrative expenses consist of employee salaries, benefits and share-based compensation related to finance and administration personnel and executives, professional fees (legal, audit and investment banking), board of director fees and other overhead expenses associated with maintaining the Company's premises. G&A decreased by $109 thousand for the three months ended September 30, 2016, compared to the same period in the prior year. This decrease is primarily a result of reduced share-based compensation expense, offset by increased costs associated with the reverse takeover transaction ("RTO") and the debt restructuring both of which closed in October, 2016 (see "Subsequent Events").

Sales and Marketing Expense

Sales and marketing expenses include the salaries, benefits, commission and share-based compensation related to our direct sales team, advertising, promotions and other costs such as travel and meals. Sales and marketing expense was consistent with the same period in the prior year

Operations Expense

Operations expense include salaries, benefits and share-based compensation related to our customer and technical support, implementations and project management personnel. Operations expense decreased by 57% from the same period in the prior year due primarily to lower share based compensation expense.

Research and Development Expense

Research and development ("R&D") expenses consist of employee salaries, share-based compensation, benefits and expenses related to product development activities, consultant fees and other expenses associated with software development and hardware integration. The Company continues to develop and evolve the Trakopolis platform and to focus on scalability to align with subscriber growth projections. The Company did not capitalize any research and development costs in the current or prior fiscal years.

The Company incurred gross R&D costs of $361 thousand for the three months ended September 30, 2016, which was a decrease of 22% from the same period in the prior year. The Company invested in R&D projects relating to expansion into new verticals well as integration of new hardware products, such as the ConnectX Lone Worker solution with Honeywell and an Electronic Log Book (ELOG) application.

Adjusted Operating Expenses

The below table shows operating costs for the three months ended September 30, 2016 adjusted for costs relating the RTO transaction, debt restructuring and share based compensation. After adjusting for these expenses, the Company reduced its operating expenses compared to the prior year period.

Three months ended September 30

	2016	2015	$ change	% change
Operating expenses	1,815,802	2,134,288	(318,486)	-15%
Less: RTO related expenses	(300,744)	-	(300,744)	-
Less: debt restructuring	(122,679)	-	(122,679)	-
Less: share based compensation	(125,858)	(771,895)	646,036	-84%
Adjusted operating expenses	1,266,521	1,362,393	(95,872)	-7%

Non-GAAP Measures

Identification of non-GAAP Financial Performance Measures

This MD&A contains references to certain financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, and not a substitute for, the Company's results of operations reported under IFRS. These financial measures are identified and defined below:

"Recurring Revenue" includes monthly software subscriptions, and resale of cellular and satellite data. Recurring revenue is recognized monthly as services are delivered and is derived from the subscription revenue category within the Company's financial statements. We believe that Recurring Revenue provides useful information to our investors because it shows the long-term nature of service revenue.

A "Subscriber" is defined as a customer's individual asset which is monitored by a telematics device. A Subscriber is an important metric for our investors because it provides an indication of our ability to generate Recurring Revenue from providing recurring service to our customers.

"EBITDA" and "Adjusted EBITDA" are measures of our operating profitability. We believe that EBITDA and adjusted EBITDA provide useful information to our investors because they exclude transactions not related to the core cash operating business activities, allowing meaningful analysis of the performance of our core cash operations.

EBITDA is an indicator of the financial results generated by our business activities excluding the impact of any financing activities, amortization and depreciation of property, equipment and intangible assets, and taxes.

Adjusted EBITDA is a further refinement of EBITDA to remove the effect of share-based compensation expense and one-time costs associated with the RTO transaction and debt restructuring. As such, Adjusted EBITDA provides more meaningful continuity with respect to the comparison of our operating results over time.

EBITDA and Adjusted EBITDA are derived from the unaudited consolidated statements of operations and comprehensive loss and statements of cash flows. We believe that using these metrics enhances an overall understanding of the Company's results and we present them for that purpose.

Reconciliation of non-GAAP financial performance measures

EBITDA

EBITDA improved by $0.3 million to a loss of ($1.1 million) for the three months ended September 30, 2016, representing a 23% improvement from the same period in the prior year. Improved EBITDA was a result of lower share based compensation expense offset by increased costs associated with the RTO transaction and the debt restructuring described in greater detail in "Subsequent Events".

Three months ended September 30, 2016

	2016	2015	$ change	% change
Net loss	(1,288,229)	(1,553,635)	265,406	-17%
less				
Amortization	4,577	5,398	(821)	-15%
Finance expense	185,706	115,209	70,497	61%
EBITDA	(1,097,946)	(1,431,847)	333,901	-23%

Adjusted EBITDA

Adjusted EBITDA improved by $0.2 million to a loss of $0.5 million for the three months ended September 30, 2016, an improvement of 26% over the prior year. This was a result of increased sales and a reduction in business operating expenses.

Three months ended September 30

	2016	2015	$ change	% change
Net loss	(1,228,229)	(1,553,635)	325,406	-21%
less				
Amortization	4,577	5,398	(821)	-15%
Finance expense	185,706	115,209	70,497	61%
RTO and debt restructuring costs	423,423	-	423,423	100%
Share based compensation	125,773	771,895	(646,037)	-84%
Adjusted EBITDA	(488,750)	(661,133)	172,383	-26%

Debt and Equity

Debt

The Company carries debt instruments in the form of shareholder loans, short and long term debt.

The Company has $1.7 million of total debt of which $1.5 million is in the form of venture debt. On October 25, 2016 in conjunction with the closing of the RTO transaction, the Company entered into an agreement with a new lender for a new loan facility, replacing the current venture debt facility of $1.5 million. The new facility will have a principal loan amount of $2.8 million of which the Company has drawn $2.3 million and an interest rate of 11%. The loan facility will have a 30 month term from date of closing. The Company is required to make principal payments of 2% of the principal balance on a monthly basis, monthly interest payments, and to pay any SR&ED rebates received in cash against the principal balance. The loan is secured with a general security agreement and the Company will be required to meet certain covenants as outlined in the loan agreement. The loan facility will also include the issuance of 666,667 warrants with an exercise price at the greater of: (i) $1.05 per Common Share; and (ii) a 15% discount to the price per common share issued from treasury after the date of the issuance of the warrant on or before the 12 month anniversary of the pursuant to the terms of an equity financing, including without limitation, a public offering or share exchange or issuance of Common Shares or other shares for gross proceeds of at least $500,000 with an arm's length third party.

Three months ended September 30

	2016	2015	$ change	% change
Long term shareholder loans	98,661	107,454	(8,793)	-8%
Short term shareholder loans	100,000	100,000	-	0%
Current portion of long term debt	1,500,000	1,472,410	27,590	2%
Long term debt	-	-	-	-
	1,698,661	1,679,864	18,797	1%

** Debt expressed above at carrying value.*

Equity

The Company has two common share classes in issue, Class A common shares and Class B common shares. Both share classes carry identical rights.

During the period, the Company issued equity based retention compensation to management and employees of 114,087 Class B common shares and 10,000 Class B common shares respectively. The shares were valued at $1.50 per common share and were expensed. At issuance a total value of $102,909 was moved from contributed surplus to share capital.

During the period, the Company issued 11,000 Class B common shares for services rendered with a former executive officer of the Company. The shares valued at $1.50 per common share and expensed within general and administration expense.

During the period employees of the Company purchased 17,887 Class B common shares for $1.05 per share by way of deduction from salary.

During the three months ended September 30, 2016, the Company issued 443,238 Class L preference shares at a price of $1.05 per share for gross proceeds of $465,400 and net proceeds of $447,980 after broker fees of $17,420 were paid. Subsequent to period end, Class L preference shares were converted to 1.15 common shares in conjunction with the closing of the RTO transaction.

Period ended September 30

	2016	2015
Class A common shares	2,361,332	2,361,332
Class B common shares	8,457,295	8,181,977
Total basic	**10,820,644**	**10,545,325**
Class L preference shares	2,992,896	-
Warrants	266,666	900,332
Options and RSU's	1,309,780	1,179,527
Total fully diluted share capital	**15,389,986**	**12,625,184**

Liquidity and Capital Resources

As at September 30, 2016, the Company had an accumulated deficit of $20.2 million and a working capital deficit of $2.3 million.

During the three months ended September 30, 2016, the Company incurred a loss of $1.3 million. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments.

On October 25, 2016 the Company completed an amalgamation with Lateral Gold Corp. (now named Trakopolis IoT Corp. ("Trakopolis")) as part of a reverse takeover transaction (see "Subsequent Events"). The amalgamation followed the closing of a public offering by Trakopolis of subscription receipts for gross proceeds of $5,750,000, including an overallotment of $750,000. The funds were held in trust and released to Trakopolis following the closing of the RTO transaction on October 28, 2016. This provides a significant improvement to the Company's capital resources. The funds will be used for working capital and growth capital.

The factors impacting the change in cash during the period are reflected below. As at September 30, 2016, the Company has $489 thousand (2015 - $112 thousand) in cash to be used for working capital and operations.

Three months ended September 30

	2016	2015
Cash, beginning of period	910,963	202,174
Cash, end of period	489,153	112,499
Decrease in cash	(421,810)	(89,675)
Explained by cash (used in) from:		
Operating activities	(628,504)	(599,839)
Financing activities	206,695	510,164
Investing activities	-	-
Change in cash	(421,810)	(89,675)

Operating activities

The Company spent $628 thousand on operating activities during the three months ended September 30, 2016, a relatively small increase compared with the same period in the prior year. The increased spending was due mainly to increased professional fees associated with the RTO transaction and debt restructuring.

Financing activities

The Company obtains financings though debt and equity instruments to fund the working capital deficit and execute its business plan. In the three months ended September 30, 2016, the Company raised an additional $465,400 in the form of preference shares of which there was $17,420 in broker fees, and received a net proceeds of $447,980.

In the period, the Company redeemed 203,397 RSU's for a cash payment of $200,000, of which $100,000 was invested in Class L preference shares.

Critical Accounting Estimates

The preparation of condensed consolidated interim financial statements in compliance with IAS 34, Interim Financial Reporting requires management to apply estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses as well as certain disclosures within the consolidated financial statements. It also requires management to exercise judgement in applying the Company's accounting policies. Estimates and other judgements are periodically evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas requiring estimates and assumptions in determining the reported amounts in the financial statements are as follows:

(i) Provision for onerous lease:

The Company recognizes the provision for current head lease on space not occupied by the Company. Management determines the net recoverable amount on the space and offsets this estimate against the head lease obligation. The carrying obligation is measured at each financial period.

(ii) Discount rate to fair value debt:

The Company will measure the fair value of debt where warrants and/or conversion features are attached. The Company estimates the discount rate based on current market rates for borrowing for a Company of its size and nature. The discount rate is used to first calculate the financial liability with the residual amount applied to equity.

(iii) Share-based compensation:

In measuring the grant date fair value of share-based payments, the Company makes estimates of share value, volatility, and expected life.

Off-Balance Sheet Arrangements

As at September 30, 2016, The Company does not have any off-balance sheet arrangements

Related Party Transactions

During the three months ended September 30, 2016, the Company paid $30,475 (2015 - $35,650) in subcontractor fees for software architecture services to a company in which a shareholder is an owner.

Subsequent Events

Reverse Takeover Transaction

The Company entered into an amalgamation agreement, dated June 13, 2016, with Lateral Gold Corp. (now Trakopolis IoT Corp. or "Trakopolis") and its wholly-owned subsidiary, 1973460 Alberta Ltd. ("AcquisitionCo"). Trakopolis is a public company listed on the TSX Venture Exchange ("TSX-V"). Pursuant to the amalgamation agreement, AcquisitionCo and the Company agreed to amalgamate and Trakopolis agreed to acquire all of the issued and outstanding securities of the Company in exchange for the issuance of common shares of Trakopolis, resulting in a reverse takeover ("RTO") of Trakopolis by the Company. In connection with the execution of the amalgamation agreement, each of the directors, officers and 10% shareholders of the Company and of Trakopolis entered into a voting support agreement, pursuant to which each agreed to vote in favor of the RTO and related transactions.

Completion of the RTO transaction was subject to a number of conditions, including acceptance by the TSX-V, approval by the shareholders of the Company and Trakopolis, and completion of a $5,000,000 financing (or such other amount as may be agreed to among the Company, Trakopolis and the agents for the financing).

On October 25, 2016, Trakopolis completed a public offering of subscription receipts for gross proceeds of $5,750,000, including an overallotment of $750,000. The proceeds of the offering were held in trust subject to the closing of the RTO transaction.

On October 25, 2016 the Company completed the amalgamation with Trakopolis and the RTO transaction closed on October 28, 2016.

The terms of the RTO transaction include a performance bonus share issuance whereby 950,000 common shares were placed into escrow to be received by the current holders of Class A and Class B common shares of the Company. The escrowed shares are to be released if the Company coverts a large enterprise opportunity on or before December 31, 2016 into a customer with a binding contract evidencing revenue of not less than $1,500,000 for the first year, and an aggregate of $1,500,000 for the second and third years following the execution of such contract. To the date of these unaudited condensed consolidated interim financial statements, the conditions required for release of the escrowed shares have not been met.

Debt Restructuring

On October 28, 2016 in conjunction with closing the RTO transaction, the Company entered into an agreement with a new lender for a new loan facility, replacing the current venture debt facility of $1,500,000 (note 7). The new facility has a principal loan amount of $2,800,000 of which the Company has drawn $2,300,000 and an interest rate of 11% p.a. The loan facility has a 30 month term from the date of closing. The Company is required to make monthly principal payments of 2% of the principal balance together with monthly interest payments and to pay any Scientific, Research and Experimental Development ("SR&ED") rebates received in cash against the principal balance. The loan is secured with a general security agreement and the Company is required to meet certain covenants as outlined in the loan agreement. The loan facility provides for the issuance of 666,667 warrants with an exercise price at the greater of: (i) $1.05 per common share; and (ii) the price determined in using a 15% discount to the price per common share issued from treasury after the date of the issuance of the warrant on or before the 12 month anniversary pursuant to the terms of an equity financing, including without limitation, a public offering or share exchange or issuance of common shares or other shares for gross proceeds of at least $500,000 with an arm's length third party.

Preference Share Conversion

In conjunction with closing the Transaction, 2,992,896 Class L preference shares were converted to common shares at a 1.15 ratio for a total of 3,441,830 common shares.

Technology Acquisition

Subsequent to September 30, 2016, the Company announced that it has acquired all rights to the Electronic Logbook (ELOG) software assets from Verigo Inc. ("Verigo"), a private company based in Alberta. The purchase price of the Verigo software assets is $1,500,000 and will be paid through a per-user royalty not to exceed 10 years. Existing Verigo subscribers will be transferred to the Company, however, royalties from existing subscribers will not be applied

Risk and Uncertainties

(a) Unprofitable Operations:

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company may not be profitable.

(b) Dependence on Personnel:

Due to the technical nature of its business and the dynamic market in which the Company competes, The Company's success depends on its ability to attract and retain highly skilled developers and technology, engineering, managerial, marketing and sales personnel. In particular, the Company's future success will depend in part on the continued services of each of its proposed executive officers and other key employees. Competition for qualified personnel in the industry in which the Company operates is intense. the Company believes that there are only a limited number of people with the requisite skills to serve in many key positions and it is difficult to hire and retain these people. The loss of one or more of these key personnel may have a significant adverse effect on the Company or the Company's sales, operations, technological development and profits.

(c) Variable Revenues and Earnings:

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of wireless technologies, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base, possible delays or shortages in component supplies, transition periods associated with the migration to new technologies, potential commoditization and saturation in certain markets, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels of business. Any of the factors listed above could cause significant variations to the Company's revenues, gross margin and earnings in any given quarter.

(d) Additional Financing:

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company's Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

(e) Technology:

Telematics technologies will continue to improve and become more affordable to end users. Likely the telematics industry will mimic the cellular telephone industry in its growth and business model. However, it is uncertain if technology standards will be established to create compatibility amongst devices. Demand for increased message frequency combined with subscriber growth creates greater strain on server infrastructure. We anticipate the trend continuing as telematics users become sophisticated. Scalability is paramount.

(f) Competition:

Given the size of the overall telematics market, the low barriers to entry and the difficulty differentiating, a number of competitive strategies will emerge. Some competitors will be turn-key providers; some will focus on market verticals or industries. Geographical reach and customer service will also play an important role in competitive landscape.

(g) Meeting Market Demand:

Given the market trends in telematics, the industry is poised for massive growth in the next five years as the technology becomes more affordable, applications become more unique and the market begins the mass adoption of telematics.

(h) Credit risk:

Credit risk reflects the risk the Company may be unable to recover accounts receivable. The Company was engaged in contracts with one party, of whom individually represented approximately 20% of the Company's sales, and an insignificant amount of accounts receivable at the year end. The Company employs established credit approval and monitoring practices to mitigate the risk.

(i) Internal Controls:

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

(j) Currency risk:

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(k) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial obligations. The Company is exposed to this risk mainly in respect of working capital deficits and net losses.

(l) Fair Value:

The carrying values of cash, accounts receivable, investment tax credits (SR&ED), accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of shareholder loans and long-term debt is due to the significant difference in interest rates that arises due to the attachment of equity features such as warrants and conversion optionality.

(m) Fair value hierarchy:

Under IFRS, fair values are recorded on the consolidated statement of financial position are classified under a fair value hierarchy that reflects the significant inputs used in making the measurements. Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 2 inputs use inputs other than quoted prices in level 1 that are observable for the asset or liability either directly or indirectly. Fair values using level 3 inputs are inputs for the assets that are not based on an observable market data.

The Company fair values shareholder loans and long-term debt at the date of inception with the fair value of these instruments determined using level 3 inputs.