

April 28, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended December 31, 2016

The following discussion and analysis are management's assessment of the results and financial condition of SelectCore Ltd. and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 together with the related notes contained therein. The Company's most recent filings are available on the SEDAR website.

Management's Responsibility for Financial Reporting

The consolidated financial statements and Management's Discussion and Analysis (MD&A) have been prepared by Management, who, when necessary, have made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality. Management acknowledges its responsibility for the fairness, integrity and objectivity of all information provided in the consolidated financial statements and in MD&A thereof. As a means of fulfilling its responsibility, Management relies on the Company's system of internal controls. This system has been established to ensure, within reasonable limits, that assets are safeguarded, transactions are properly recorded and are executed with Management's authorization and that the accounting records provide a solid foundation from which to prepare the consolidated financial statements and the MD&A. The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, consisting solely of Non Management directors. This committee meets periodically, reviews the scope of the external audit, the adequacy of the systems of internal control and the appropriateness of financial reporting and then makes its recommendations to the Board of Directors. Based on those recommendations, the Board approves the consolidated financial statements and the MD&A. All dollar amounts included in the MD&A are in Canadian dollars, except as stated otherwise.

Forward-looking Statements

The MD&A contains forward-looking statements, which reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting product approvals, acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, the regulatory environment, fluctuations in operating results and other risks, any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Many risks are inherent in the industry; others are more specific to the Company. Investors should consult the "Risk Factors" section of this MD&A as well as the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. Investors should not place undue reliance on any forward-looking statements.

Management assumes no obligation to update or alter any forward-looking statements, as a result of new information, further events or otherwise.

Non-IFRS Measures

Adjusted EBITDA is a non-IFRS measure related to cash earnings and is defined for these purposes as operating income, adjusted for non recurring items plus interest and fees related to financings, taxes, amortization and foreign exchange losses and gains. Management believes it is useful to exclude these items, as they are either non-cash expenses, or items that do not impact core-operating performance, and Management uses this information internally for forecasting and budgeting purposes.

The Company has included an Adjusted EBITDA measurement since it believes that this information would be useful to investors to help evaluate the performance of the Company. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) as determined in accordance with IFRS. The Company's method of calculating Adjusted EBITDA may differ from the methods used by other companies and, accordingly, it may not be comparable to similarly titled measures used by other companies.

Corporate Overview

SelectCore Ltd. (TSX-V: SCG) is a pioneer and leader in prepaid payment solutions for underserved markets. Founded in 1999, the Company offers a range of prepaid products and services from stored-value cards to mobile top-up that provide financial empowerment to a market of millions of under-banked consumers.

Selected Consolidated Financial Information

The following selected consolidated financial information has been derived from our consolidated financial statements for the year ended December 31, 2016 and 2015 and our financial positions as at December 31, 2016 and 2015.

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
REVENUE	\$ 1,897,805	\$ 2,475,871	\$ 5,806,660	\$ 9,729,798
EXPENSES				
Goods and services purchased	506,265	1,034,702	2,125,736	6,571,934
Salaries and benefits	603,525	680,516	1,893,740	2,038,602
General and administrative	1,074,850	1,240,655	1,930,244	1,929,733
Foreign exchange loss (gain)	14,793	(148,869)	30,950	(82,585)
Amortization	37,818	(8,254)	196,549	215,613
	2,237,251	2,798,750	6,177,219	10,673,297
Operating loss before interest	(339,446)	(322,879)	(370,559)	(943,499)
Interest on demand loan	(179,012)	(496,169)	(791,539)	(769,137)
Net loss before the following	(518,458)	(819,048)	(1,162,098)	(1,712,636)
Gain on settlement of debts	2,133,463	--	2,133,463	--
Net income (loss)	1,615,005	(819,048)	971,365	(1,712,636)
Other comprehensive income (loss)				
Exchange difference from translation of foreign entity	(13,706)	(29,839)	20,374	(138,848)
Comprehensive income (loss) for the period	\$ 1,601,299	\$ (848,887)	\$991,739	\$ (1,851,484)
Earnings (Loss) per share				
Basic and diluted	\$ 0.054	\$ (0.027)	\$ 0.033	\$ (0.072)
Weighted average number of shares outstanding				
basic and diluted	30,037,852	30,037,852	30,037,852	23,938,448
EBITDA	(301,628)	(331,133)	(174,010)	(727,886)

Summary of the Quarterly Results for the past 12 Quarters

			Revenue \$	Net income(loss) \$
2016		4th qtr.	1,897,805	1,615,005
		3 rd qtr.	1,535,160	(29,471)
		2 nd qtr.	1,294,597	(215,496)
		1 st qtr.	1,079,098	(398,673)
2015		4th qtr.	2,475,871	(819,048)
		3 rd qtr.	2,026,957	(450,069)
		2 nd qtr.	2,084,902	(458,869)

		1 st qtr.	3,142,068	15,348
2014		4th qtr.	4,125,455	(519,566)
		3 rd qtr.	5,411,416	(270,075)
		2 nd qtr.	5,527,197	(442,276)
		1 st qtr.	5,687,958	(142,131)

Financial position

	December 31, 2016	December 31, 2015
Current assets	\$ 3,344,448	\$ 3,038,726
Total assets	3,890,120	3,726,364
Current liabilities	13,806,214	14,634,197
Total liabilities	13,806,214	14,634,197
Total shareholders' deficit	\$ (9,916,094)	\$ (10,907,833)

Fourth Quarter Results of Operations

Revenues for the fourth quarter 2016 were \$1,897,805, compared to \$2,475,871 for the fourth quarter 2015. The reduction in revenue is related to the reduction in sales of the Company's high volume low margin prepaid telecom products and services. Gross profit (Operating Revenue less cost of goods and services purchased) for the fourth quarter 2016 was \$1,391,540 compared to \$1,441,169 in the fourth quarter of 2015. Gross margin for the fourth quarter 2016 is 73.3% compared to 58.2% for the fourth quarter of 2015. The increase of gross margin is related to higher margin in prepaid financial services segment and the decreased sales of the Company's low margin prepaid telecom business. The Company will continue focusing on increasing sales in the prepaid financial services segment and find new opportunities as governments, corporations and individuals look for alternatives to cheques, cash and traditional credit cards.

Salary and Benefit expenses were \$603,525 for the fourth quarter 2016, compared to \$680,516 for the fourth quarter of 2015. Other General and Administrative expenses were \$1,074,850 for the fourth quarter 2016, compared to \$1,240,655 for the fourth quarter of 2015. The lower Salary, Benefit expense, and General and Administrative expenses in fourth quarter 2016 was mainly related to the year-end write back of software capitalization in the fourth quarter 2015.

Interest expense was \$179,012 for the fourth quarter 2016, compared to \$496,169 for fourth quarter of 2015. The higher interest expense in fourth quarter 2015 was due to the year-end adjustment to include penalty interest.

The Company recorded \$14,793 foreign exchange loss for the fourth quarter 2016, compared to \$148,869 foreign exchange gain in fourth quarter 2015.

Depreciation and amortization was \$37,818 for the fourth quarter 2015, compared to negative \$8,254 for the fourth quarter 2015. It is due to reversing the capitalization of software development in the fourth quarter 2015.

The Company had a net income of \$1,615,005 (or \$0.055 per share) for the three months ended December 31, 2016, compared to a net loss of \$819,048 (or \$0.027 per share) for the three months ended December 31, 2015. The exchange difference on the translation of the Company's US foreign operations for the fourth quarter 2016 was a loss of \$13,706 compared to a loss of \$29,839 for the

fourth quarter 2015, which resulted in the total comprehensive gain for the fourth quarter 2016 of \$1,601,299 as compared to the comprehensive loss of \$848,887 for the three months ended December 31, 2015. The net income in the fourth quarter 2016 was mainly due to a gain on settlement of accounts payables to vendors of \$2,133,463 at the end of year of 2016. In March and April, 2016, the company reached agreements with the vendors to settle the outstanding liabilities for a settlement payment of \$425,000. Upon payments of the settlement amounts in accordance with the agreements, the company will be discharged from all debts due to the vendors. Up to January 2017, the full settlement payment had been paid. As a result, the remaining accounts payable balances owing to the vendors of \$2,133,463 was recorded as gain and is included in comprehensive income for the year.

The Company realized negative EBITDA of (\$301,628) for the three months ended December 31 2016, compared to negative EBITDA of (\$331,133) for the three months ended December 31 2015. This improvement in EBITDA is primarily due to revenue of \$240,055 recorded in fourth quarter 2016, which represents revenue from expired prepaid cards.

Year to Date Results of Operations

Year to date Revenues as of December 31, 2016 were \$5,806,660 compared to revenues of \$9,729,798 for the same period ending December 31, 2015. Gross profit (Operating Revenue less cost of goods and services purchased) for the year 2016 was \$3,680,924 compared to \$3,157,864 in the year 2015. The reduction in revenues was mainly attributable to the decreased market demand for the Company's high volume low margin prepaid telecom products and services. The Company does not expect to see a reversal in this trend as there are many options for prepaid wireless subscribers to add funds or top up their accounts including but not limited to the use of prepaid financial services cards. Gross margin for the year ended December 31, 2016 is 63.4% compared to 32.5% for the year ended December 31, 2015. The Gross margin in 2016 increased due to the higher margin of financial services segment, and the decrease of sales in the low margin prepaid telecom products and services. The Company remains focused on increasing sales in the financial services segment as it expects more governments, corporations and individuals to seek better more cost effective solutions to replace cheques, cash and traditional credit cards.

Salary and Benefit expenses were \$ 1,893,740 for the year ended December 31, 2016 compared to \$2,038,602 for the year ended December 31, 2015. Other general and administrative expenses were \$1,930,244 for the year ended December 31, 2016 compared to \$1,929,733 for the same period in 2015. Interest expense was \$791,539 for the year 2016, compared to \$769,137 for the year 2015.

The Company recorded \$30,950 foreign exchange loss for the year ended December 31, 2016 compared to \$(82,585) gain for the year ended December 31, 2015.

The Company had a comprehensive net gain of \$991,739 for the year ended December 31, 2016 compared to comprehensive net loss of \$1,851,484 for the year ended December 31, 2015. This is mainly due to a gain on settlement of debts of accounts payables to vendors of \$2,133,463 at the end of year of 2016. In March and April, 2016, the company reached agreements with the vendors to settle the outstanding liabilities for a settlement payment of \$425,000. Upon payments of the settlement amounts in accordance with the agreements, the company will be discharged from all debts due to the vendors. Up to January 2017, the full settlement payment had been paid. As a result, the remaining accounts payable balances owing to the vendors of \$2,133,463 was recorded as gain and is included in comprehensive income for the year.

The Company realized adjusted EBITDA loss of \$174,010 year to date at December 31, 2016, compared to an adjusted EBITDA loss of \$727,886 year to date December 31, 2015. The improved

EBITDA situation was mainly due to the switch from low-margin prepaid telecom product business to high-margin financial services segment.

Financial Condition

Assets and liabilities

As at December 31, 2016, the Company had total assets of \$3.9 million and total liabilities of \$13.8 million compared to \$3.7 million and \$14.6 million as at December 31, 2015. The slight decrease of liabilities was mainly due to the repayment of demand loan in the second half of 2016.

Liquidity and Capital Resources

As at December 31, 2016, the Company's cash includes restricted cash balances of \$2.56 million (December 31, 2015 - \$1.21 million) in designated special collateral accounts in designated banks that belong to the unspent cards balances under the terms of the special agreements with credit union/financial institution as further explained in Note 1 of consolidated financial statements. Withdrawals from the accounts can only be made with the approval of the credit union/financial institution.

We intend to use our funds to meet funding requirements for business development and new customer deployments based on anticipated market demand. Our actual funding requirements will vary depending on a variety of factors, including our success in executing our business plan, the progress of our product and business development efforts, our sales and our ability to manage our working capital requirements. We believe that in addition to our existing cash balances and cash generated from operations, cash proceeds from new debt and equity financing will be required to meet our anticipated cash needs for working capital, growth capital and capital expenditures for the foreseeable future. The Company will need to raise additional capital to meet all of its existing obligations, to repay its demand loan, to address the Company's working capital deficiency and to fund new contracts in the financial services sector. The Company does not have any prearranged facilities but will continue to evaluate the appropriate timing and type of capital raise. There are no guarantees that the Company will be successful in completing an equity financing, arrange for additional debt with its current lender or obtain a new debt facility.

On April 13, 2017, the Company completed a private placement. The Company issued 13,330,330 units at a price of \$0.15 per unit and raised aggregate proceeds of \$2,000,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.20 for a period of three years.

Control and Procedures

The Chief Financial Officer and the Senior Management have evaluated the effectiveness of our disclosure controls and procedures for the period ended December 31, 2016 and have concluded that our disclosure controls and procedures are effective to ensure that material information relating to the Company was recorded, processed, summarized and reported in a timely manner as required to enable the Company to satisfy its continuous disclosure obligations. Our Chief Financial Officer and Senior Management are also responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS (International Financial Reporting Standards). There were no changes in the Company's internal controls over financial reporting during the Company's most recent period that have materially

affected, or are reasonably like to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Nature of Operations and Going Concern Uncertainty

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has had continued losses, cash outflows from operations and has negative working capital at year-end, which raises a question as to the ability of the Company to continue as a going concern without additional equity or long-term debt financing.

The ability of the Company to sustain its ongoing operations is dependent upon its ability to obtain a sustainable level of profitability from operations or to raise sufficient financing enabling it to rectify its working capital deficiency.

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 going concern assumption not be appropriate.

The Company has a working capital deficiency of \$10,461,766 (prior year deficiency was \$11,595,471). The Company expects it will have sufficient liquidity to finance its operations for no more than twelve months. The working capital deficiency limits the Company's ability to fund capital expenditures and operations. The Company is not in breach of any minimum working capital and earnings covenants as of the date of these financial statements.

As a result of the aforementioned cash flow deficiencies there is significant doubt about the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent on raising some short term financing, raising sufficient working capital to maintain operations, reducing operating expenses, and increasing revenues. Management continues to review and implement cost cutting measures including but not limited to a reduction of staff and salaries, streamlining operations, reduction of research and development costs and a reduction in capital expenditures. Consequently the salaries and benefits expenses have dropped by significantly as compared to prior year. The Company has also initiated an internal restructuring to sell redundant assets and reduce operating expenses. These plans are expected to be completed within a short time, and are expected to generate sufficient liquidity to finance operations until the cash flow from the operations are sufficient to meet the working capital requirements. While management believes that the likelihood of completing these plans is high given the economic recovery and the rebound of the industry, there is no assurance that it will be. Without enough financing the Company may be forced to cease operations. In April 2017, the Company raised \$2,000,000 through private placement of equity.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. While management believes that these estimates and assumptions, based on management's best knowledge of current events and actions that the

Company may undertake in the future, are reasonable, actual results could differ from these estimates.

Significant estimates and assumptions include those related to the valuation of investments, determination of amount recorded as software license revenue, valuation of share based payments, the useful lives of property and equipment for amortization purposes, amounts recorded as accrued liabilities, recognition of deferred tax assets, amount recorded as deferred revenue, allowance for doubtful accounts, and the fair values of financial instruments.

These estimates have been applied in a manner consistent with that in prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the assumptions utilized in these consolidated interim financial statements. The estimates are impacted by many factors, some of which are highly uncertain.

Future accounting changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

The Company has not yet determined the impact of the above standards on its financial statements.

Key Management Compensation

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. Company's key management personnel includes Chief Executive Officer & President, Chief Financial Officer and Vice President New Programs.

Remuneration of key management of Company was as follows:

	Year Ending December 31	
	2016	2015
Salaries and Benefits	\$ 270,994	\$ 346,909
Total:	\$ 270,994	\$ 346,909

General Risk Factors

An investment in our common shares is speculative and subject to a number of risks. Before investing, prospective purchasers of common shares should carefully consider the following risk factors set out in this AIF, as well other risk factors addressed in our other continuous disclosure filings made with Canadian securities regulators via SEDAR. The following is only a summary of certain risks relating to SelectCore’s business and should be read in conjunction with detailed information appearing elsewhere in this document. The risks and uncertainties described below are not the only risks and uncertainties SelectCore faces. Additional risks and uncertainties not currently known to SelectCore or that SelectCore currently deems immaterial also may impair SelectCore’s business operations. If any of the following risks actually occur, SelectCore’s business, results of operations and financial condition could suffer. In that event, the trading price of SelectCore’s Shares could decline and holders of SelectCore Shares could lose all or part of their investment in SelectCore Shares.

Liquidity

We are subject to a working capital deficit, which means that our current assets on December 31, 2016 did not equal our current liabilities and, therefore, should we be unable to increase our current assets to current liability ratio; our operations could be at risk. A substantial portion of our cash flow from operations is dedicated to the payment of principal and interest on our indebtedness and on software development of our prepaid cards platform. Our ability to service our debt and other financial obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control, including but not limited to, fluctuations in interest rates, market liquidity conditions, increased operating costs and trends in our industry. If our cash flow and capital resources are insufficient to meet our debt service obligations, we may be forced to reduce the scope of, or delay, capital expenditures, growth initiatives, product and service launches and future business opportunities, and sell assets, seek additional capital or restructure or refinance our indebtedness. Furthermore our credit facility contains certain restrictive covenants that, subject to exceptions, limit the ability to, among other things: incur, assume, or permit to exist additional indebtedness, guarantees or liens, engage in mergers, acquisitions, asset sales, declare dividends, make payments on, or redeem or repurchase equity interests, alter the nature of the business, engage in certain transactions with affiliates, enter into agreements limiting subsidiary distributions, and prepay, redeem or repurchase certain indebtedness. The credit facility also requires us to comply with certain financial covenants that may prevent us from pursuing certain business opportunities and taking certain actions that may be in the best interest of our business, which could materially adversely affect our business and financial results.

Legacy Business Revenues

Our legacy prepaid telecommunications business is the sale of prepaid mobile airtime, and to date, the majority of our revenue has been derived from sales of these products. Revenues have declined considerably as the Company remained focused on new, more profitable business opportunities in the financial services space. The industry has also seen a shift to electronic forms of payment for prepaid mobile airtime sales. Our sales agreements with our retailers and distributors do not obligate them to make minimum purchases of any of our products. There is no assurance that retailers or distributors will continue to purchase our products or that the Company will be able to secure new retail clients or that end-user demand for our products or services will sustain or increase. Accordingly, there is no assurance that we will be able to maintain or increase our revenues. Our inability to maintain or increase our revenues may result in us incurring losses or reduced profitability thus resulting in a significant impact to the Company's financial position.

Cash Flows and Profitability

We have not consistently earned profits to date, and there is no assurance that we will earn profits in the future, or that profitability, as achieved, will be sustained. A significant portion of our financial resources have been, and will continue to be, directed toward the development of our new financial product and service offerings and marketing activities. Our success will ultimately depend upon our ability to generate revenues, such that business development and marketing activities may be financed by revenues from operations instead of external financing. There is no assurance that future revenues will be sufficient to generate the required funds to continue the business development and marketing initiatives. Our current and future expense levels are based largely on our investment plans and estimates of future revenues and are, to a large extent, fixed. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues relative to our planned expenditures would have an immediate

adverse effect on our business, results of operations, cash flow and/or financial condition. Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service or marketing decisions that could have a material adverse effect on our business, results of operations, financial condition and/or prospects.

Supplier Dependency

We rely on telecommunication and financial network partners and suppliers with whom we have business arrangements. Our success depends on our ability to meet our obligations to these partners and suppliers. In 2016, the Company had three major suppliers, each accounting for more than 15% of total cost of goods sold, representing approximately 72.7%. The loss of a contract with any partner or supplier could have a significant negative impact on our sales and profitability.

Customer Relationships and Loss of Major Customers

Our failure to maintain our customer relationships or to develop similar relationships with other customers could result in decreased support for our products or services, which could materially adversely affect our business, financial condition and/or results of operations. The loss of one or more of our major customers, the failure to attract new customers on a timely basis or a reduction in sales and revenues associated with our existing customers would materially harm our business, financial condition, liquidity, operating results and/or prospects. Two customers, each accounting for more than 10% of total revenues, represent 39% of the Company's revenue in the current year (2015 - two customers, each accounting for more than 10% of total revenues, represented 27%). The loss of a contract with any customer could have a significant negative impact on our sales and profitability.

Retail Distribution Channel and Reliance on Distributors and Sales Agents

Our current sales and future growth relies heavily on our distributors and sales agents and the ability to maintain and expand our network of retail locations /merchants and the willingness of such distributors, sales agents and merchants to purchase and make available for sale both our current and new product offerings to their customers. We also rely on our ability to properly support our merchant channel and product and service offerings with adequate merchandising, point-of-purchase collateral and ancillary advertising all of which requires a capital investment to be made by us. Our failure to maintain current product sales or realize new product sales through our retail distribution channel would adversely affect our results of operations and financial condition and also materially affect our ability to execute on our growth strategy.

Lack of Operating History with New Business Segments

Our new business segments, namely prepaid financial services, has a limited history of operations, is in the early stage of development and should be considered as a development stage business. As such, we are subject to many risks common to such businesses, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues and profitability. We also need to be able to effectively train existing employees and employ new specialized personnel for this area of our business.

Risks Associated With Evolving Business Models and New Product Launches

Our business model continues to evolve, especially with the entrance into the financial services industry. We seek to develop, launch and promote new or complimentary products, services, technology and opportunities that management believes are strategic. We publicly announce new

product launch and development initiatives on a regular basis to update shareholders and the investment community. Readers are cautioned that while we make such announcements, there can be no assurance that we will be able to launch such product offerings in a cost effective manner or in the timeframe estimated by management or that any such efforts will generate revenues, profits or garner market acceptance. Furthermore, any new business or product launched by us that is not favourably received by customers could damage our reputation and diminish the value of our brands. Expansion of our operations in this manner would also require significant additional expenses and development, operations and other resources and would strain our management, financial and operational resources. The lack of market acceptance of such services or our inability to generate satisfactory revenues from such expanded services or product launches to offset their costs could have a material adverse effect on our business, results of operations, cash flow, financial condition and/or prospects.

Uncertain Demand

Demand for our products and services are dependent on a number of social, political and economic factors that are beyond our control. While we believe that demand for our products and services will continue to grow, there is no assurance that such demand will exist or that our products or services will be purchased to satisfy such demand.

Effective Growth Management

If we fail to manage our growth effectively, our business and operating results could be adversely affected, which could cause the market price of the Common Shares to fall. We expect to continue to grow our operations domestically and internationally. The growth in our operations and staff has placed, and will continue to place, a strain on existing management systems and resources. If we fail to manage the company's future anticipated growth, the business may experience higher operating expenses, and consequently it may be unable to meet the expectations of shareholders, securities analysts or prospective investors with respect to future operating results.

Competition

We operate in a highly competitive marketplace with various competitors. Increased competition may result in reduced gross margins and/or loss of market share, either of which would seriously harm our business and results of operations. Management cannot be certain that we will be able to compete successfully against current or future competitors or that competitive pressure will not seriously harm our business. Some of the competitors may be able to respond more rapidly to new or emerging products and changes in customer requirements or devote greater resources to the development, promotion and sale of their products than we can. Furthermore, some of these competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties in the industry to increase their ability to rapidly gain market share. It is important to note that some of our competitors are also both customers and suppliers of SelectCore and therefore it is important for us to maintain amicable relationships with such competitors and co-exist in the marketplace.

Financing Requirements and Availability of Capital

We expect our capital requirements to increase due to growth of the prepaid financial services industry, the proposed expansion of our marketing and business development activities, and to the required inventory of top-ups products if the Company decides to increase the revenue of this side of the business. The exact amount of our future capital requirements could be adversely affected by numerous factors, including, but not limited to, slower growth and adverse changes in our business environment, delays in growth of our customer base, government regulations, failure or delays in

executing marketing programs and growth that is more rapid than anticipated or competitive pressures. We may also need to raise additional funds sooner than anticipated in order to acquire businesses, technologies or products, or fund investments and other relationships we believe are strategic. Accordingly, our actual capital requirements may vary from currently anticipated needs, and such variations could be material. There can be no assurance that additional financing will be available on commercially reasonable terms or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund our expansion, take advantage of strategic acquisitions, investments or other opportunities or respond to competitive pressures. Such inability to obtain financing when needed could have a material adverse effect on our business, results of operations, cash flow, financial condition and/or prospects. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders will be reduced, shareholders may experience additional dilution and such securities may have rights, preferences and privileges senior to those of the Common Shares.

Share Price and Volume Volatility

Our Common Shares may be affected by limited or sporadic trading volumes, which may affect our shareholders' ability to sell our Common Shares. Our share price may be volatile and could be subject to wide fluctuations due to a number of factors including the risk factors described in this Annual Information Form. In addition, broad fluctuations in the financial markets as well as economic conditions may adversely affect the market price of our Common Shares.

Fluctuation in Operating Results

We may experience fluctuations in future quarterly operating results that may be caused by many factors, including but not limited to: (i) variability of sales to new and existing customers; (ii) changes in the level of marketing and other operating expenses; (iii) competitive factors; and (iv) the timing of delivery. Consequently, we believe that period-to-period comparisons of our operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. It is likely that our future quarterly operating results from time to time will not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the Common Shares. Until the point where we are able to generate and predict continued positive cash flows from recurring revenue, we face risk in utilizing our existing cash resources and potentially requiring further cash infusions from investors to maintain our operations.

Reliance on Key Personnel

To date, we have been dependent on a relatively small number of key officers and employees. Our senior executives have experience in our industry and with our business, products and customers. The loss of knowledge of our operations, management expertise and technical proficiency as a result of the loss of one or more members of our core management team, could result in a diversion of management resources or a temporary executive gap, or negatively affect our ability to develop and pursue other business strategies, which could adversely affect our business and/or financial results. Furthermore, due to the technical nature of the business, we are dependent upon our ability to continue to attract and retain qualified management, marketing, information technology and technical personnel. There is competition for qualified personnel in our line of business and geographic regions and there can be no assurance that we will be able to continue to attract and retain qualified personnel necessary for the development of the diverse business in which we compete. If we are not able to retain qualified personnel for our financial services business, our product development and implementation initiatives will be impaired and/or delayed thereby adversely affecting our cash flow, financial condition and/or results of operations.

Credit Risk and Bad Debts

We regularly evaluate the risk of collections from sales to new and existing customers based on the size, payment history and type of customer. There is always a risk that some customers may not honor their accounts with us, resulting in our being unable to collect outstanding amounts resulting in a charge for bad debts being incurred during a specific period. Any significant bad debt or our inability to collect on amounts due from customers could materially adversely affect our cash flow, financial condition and/or results of operations.

Regulatory Regime

From time-to-time, governments and regulatory bodies may review the legislation and regulations applied to the telecommunication and financial services industries in which we operate. Such reviews could result in the enactment of new laws and/or the adoption of new regulations in Canada or the United States of America or abroad, which might adversely impact businesses in Canada and the USA or other countries in general and consequently, may threaten our growth prospects. More specifically, we are expanding into the financial services industry, which is strictly regulated. Regulation is extensive and designed to protect consumers and the public, while providing standard guidelines for business operations. In the offering of our financial products, we or our partners are subject to certain federal and provincial laws and regulations relating to our financial product offerings, including laws and regulations governing such things as Know-Your-Customer (KYC), Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF) and safeguarding the privacy of customers' personal information. Legislation has been passed in most provinces with respect to prepaid gift or stored-value cards. The Canadian government recently released its consultation paper *Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, which contains proposals to strengthen the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Several of the proposals relate to emerging payment technologies and could have a significant impact on the payments and cards industry in Canada. We believe that at this time we are in compliance with all laws and regulations although many of the rules that apply to us have only recently been implemented, are complex and sometimes ambiguous and, accordingly, we cannot assure that we are in 100% compliance with all applicable laws, much less that all courts, arbitrators and regulators would agree that we are in 100% compliance. Failure to comply with, or changes to, existing or future laws and regulations could result in significant unforeseen costs and limitations, and could have an adverse impact on our business, results of operations and/or financial condition.

Economic Risk

A major change in any of the market segments that are serviced by us, could potentially impact our ability to sell products and services within those segments and would have a negative effect on our business. The general economic environment, notably in the telecommunications and financial services sector, impacts us and our subsidiaries in many ways, including customer spending, capital availability and funds available for marketing and advertising. An economic slowdown could also cause the demand for our products or services to decline. Growth in our customers' businesses is affected by the economic environment and could therefore have an impact on the Company's operating results. We can neither predict the impact current economic conditions will have on our future results, nor predict when the economy will show meaningful improvement. Our current and potential customers might reduce or delay purchases or projects or defer contracts currently underway. This situation could also lead to greater delays and defaults in payments or debt collection, competition increases and prices might be reduced by certain competitors to maintain or expand their market share. Our pricing and profitability could be adversely affected as a result of such factors.

Liabilities from Acquisitions

A portion of the growth strategy of our business includes the pursuit of acquisition opportunities in synergistic markets. While our acquisition process typically includes extensive due diligence on the business or assets to be acquired and acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that we would not become subject to certain undisclosed liabilities associated with the acquired assets that we failed or were unable to discover during the due diligence process prior to the closing of the acquisition. The discovery of any unrecoverable material liabilities could have a material adverse affect on our business, financial condition and/or future prospects. An asset purchase or acquisition financed using cash and/or Common Shares in the capital of the Company may also be considered dilutive to shareholders and/or impact the Company's cash position.

Changes in Technology

If we are unable to respond to the rapid changes in technology and services that characterize our industry, our business and financial condition could be negatively affected. Our business may be impacted by changes in the telecommunications or financial services industry. Both of these industries are subject to technological change, new product and service introductions and evolving industry trends. These factors could affect the market for our products, accelerate the obsolescence of our offerings and necessitate changes to our product and service lines. We believe that our future success will depend largely on our ability to anticipate or adapt to such changes, to offer on a timely basis, services and products that meet these evolving trends and demands of our customers, retailers and distributors. We also believe that our future success will depend upon how successfully our telecommunication and financial network partners and suppliers are able to respond to changing technologies and products. New technology may reduce demand for the products and services we currently are able to offer through these partners and suppliers. We cannot offer any assurance that we will be able to respond successfully to these or other technological changes, or to new products and services offered by our current and future competitors, and cannot predict whether we will encounter delays or problems in these areas, which could have a material adverse affect on our business, financial condition and/or results of operations.

Network and Internal Fraud

If a fraud occurs on any of the networks or on our network, this could result in a cost to the company if it is determined that the breach is a result of our negligence or failure to follow network rules or regulations (or where the fault is not ours but the perpetrator of the fraud cannot be located or cannot be collected from). As new methods of intrusion and fraud emerge in the industry, we may have to incur significant additional costs to implement additional security precautions (which may be undertaken by us voluntarily or as a result of network rule changes). Furthermore, the occurrence of frauds can result in a loss of consumer confidence, which may result in declining transaction volumes with financial products. Any of these circumstances could lead to our cash flow being adversely impacted.

We employ a number of employees and contractors that have access to our systems and infrastructure and if one or more of these individuals in key control positions were to perpetrate a fraud (for example, relating to settlement of transactions, altering account deposit details, changing customer charging details or creating fake accounts), this could have a negative impact on our cash flow. We implement internal controls and maintain insurance for network and internal fraud as described under the Insurance section in this Annual Information Form. See "Narrative Description of the Business – Insurance".

Infrastructure Stability

Our product and service offerings depend on the stability, functionality and scalability of our network infrastructure and technology platforms and that of our third-party suppliers that if not stable, could negatively impact the effectiveness of our products or services, resulting in harm to our reputation and business. If weaknesses in such infrastructure exist, we may not be able to correct or compensate for such weaknesses. If we are unable to address weaknesses resulting from problems in such infrastructure such that our products do not meet customer needs or expectations, our reputation, and consequently, our business may be significantly harmed.

Disaster Recovery

Our business and operations are highly automated and a disruption or failure of our systems may delay our ability to complete sales and to provide services. A major disaster or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could severely affect our ability to conduct normal business operations. This possible disruption may materially and adversely affect our future operating results.

Software Viruses and Network Intrusion

We maintain many different networks and management information systems (some of which are interconnected and some of which are connected to the internet or to other external networks). We may be susceptible to viruses and network intrusions by third parties. Any intrusion or virus could impact the performance of the transaction processing capabilities of the Company and in a worst case scenario could require temporary shutdown of the affected systems and compromise customer information, users and employees. Systems that are accessed through the internet are also subject to "denial of service" attacks (these attacks do not involve an intrusion into the system but can effectively make the systems unavailable to Company customers/employees). We maintain security policies and procedures to manage these risks, some of which include intrusion detection software, virus monitoring software, IP blocking, IP tracking software, complex encryption for transactions, network monitoring and reporting solutions as well as application and data base level restrictions and controls through network design and implementation.

Improper Disclosure of Personal Data

We store and process large amounts of personally identifiable information, consisting primarily of customer information and transactions. It is possible that our security controls over personal data, training of employees and other practices we follow may not prevent the improper disclosure of personally identifiable information. Such disclosure could harm our reputation and subject us to liability under laws that protect personal data, which could have a material adverse affect on our business and/or financial condition.

Proprietary Information

We rely on a combination of copyright, trademark and trade secret laws, confidentiality procedures, contractual provisions and other measures to protect our proprietary information. All of these measures afford only limited protection. These measures may be invalidated, circumvented or challenged. Despite our efforts to protect proprietary rights, unauthorized parties may attempt to obtain or use information that the Company regards as proprietary. If the Company were not granted approval on pending or future patent or trademark applications, our intellectual property would not be protected against infringement of other parties.

Conflicts of Interest

As certain of our directors and officers are directors, officers or shareholders of other companies, there are potential conflicts of interest to which our directors or officers may be subject to from time to time, in connection with our operations.

Litigation and Judgement

The Company is involved from time to time in litigation, as plaintiff and defendant, which arises in the normal course of business. During the first quarter of 2014 the Company was served with statement of claim from Globalive Wireless Management in the amount of \$1,041,226 arising over a dispute in amounts owing for prepaid wireless pins. The full amount of the claim is included in the Company's accounts payable. The Company also was served in the second half of 2015 with a statement of claim from Collins Barrow in the amount of \$128,000 arising over a dispute in amounts owing to provided auditing services for the years 2012 and 2013. On April 20, 2017, the Company was served by PACE Savings & Credit Union Limited ("**PACE**") with a Statement of Claim filed in the Ontario Superior Court of Justice (the "**Claim**") for the amount of \$4,000,000. The Claim relates to the shortfall of a secured cash pledge ("Secured Deposit"), as per the Special Account Agreement executed between the Company and All Trans Financial Services Credit Union Limited ("**All Trans**"), which was acquired by PACE. The Company has been disclosing this shortfall in its financial statements during the previous years.

Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the accounting and finance department under policies approved by the Board of Directors. This department identifies and evaluates financial risks in close cooperation with management. The finance department is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market Risk

(i) Currency Risk

The Company operates primarily in Canada and has a subsidiary in USA which had ceased operation. The Company has exposure to foreign exchange risk. Foreign exchange risk arises from purchase and sales transactions, as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company's main objective in managing its foreign exchange is to maintain Canadian cash on hand to support Canadian forecasted cash flows over a 12 month horizon. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held.

Balances denominated in USD at December 31, 2016 and 2015 are as follows:

	2016	2015
Cash	\$ 39,049	\$ 55,401
Accounts receivable and other receivables	25,795	151,048

Accounts payable and accrued liabilities	(919,886)	(588,392)
Total net liability	\$ (855,042)	\$ (381,941)

Fluctuations in the Canadian dollar exchange rate have an impact on the Company's results from operations. They can impair the ability of the Company to pay its foreign currency-denominated expenses.

Fluctuation of the U.S. dollar relative to the Canadian dollar of 5% would impact net loss by approximately \$ 42,752 at December 31, 2016 (2015 impact net loss - \$19,097).

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk.

The Company's demand loan has a fixed interest rate. Fluctuations in market rates of interest would not change the Company's interest expense.

(b) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk of the Company at period-end is the carrying value of its cash, accounts receivable and amounts due from related parties.

The Company manages credit risk by maintaining bank accounts with Schedule 1 banks in Canada and investing only in cash.

Cash is held with Canadian Chartered Banks.

Financial instruments that potentially subject the Company to credit risk consist of accounts receivable, amounts due from related parties and other receivables. The Company does not require collateral or other security for accounts receivable or amounts due from related parties. The Company estimates its provision for uncollectable amounts based on analysis of the specific amount and debtor's payment history and prospects.

The top three customers represent 55% of accounts receivable at December 31, 2016 (2015 - three customers represented 49%). As at March 31, 2017, 73% (2016 - 42%) of the balance was collected. As at December 31, 2016, approximately \$260,335 (2015 - \$453,094) of the Company's receivable were past due the average credit period of 60 days of which approximately \$189,726 (2015- \$396,621) have been allowed for as doubtful debts.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2016, the Company has accounts payable and accrued liabilities and demand loans of \$13,651,932 due within 12 months (2015 - \$14,406,922), cash of \$ 2,601,224 (2015 - \$1,275,016) and receivables of \$ 557,662 (2015 - \$1,466,007) to meet its current obligations. As a result the Company has liquidity risk.

Capital Risk Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, warrant reserve, contributed surplus and deficit, equity portion of long term debt, proceeds received for units to be issued, accumulated other comprehensive income and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its growth activities, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and or debt financing.

The Company's overall capital risk management strategy has been to expedite customer payments and reduce credit terms offered to certain customers.

Commitments

The Company has net lease commitments for premises and equipment requiring the following minimum annual payments:

Within 1 year	\$ 136,405
2 to 6 years	<u>2,965</u>
	<u>\$ 139,370</u>

Additional Information

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