SUMMARY FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

August 10, 2016

The following "Summary Financial Information and Management's Discussion and Analysis of Results of Operations and Financial Condition" ("MD&A") was prepared by management of ProntoForms Corporation ("ProntoForms" or the "Company") and approved by the Board of Directors of the Company (the "Board of Directors"). Throughout this MD&A, unless otherwise specified, "ProntoForms", "Company", "we", "us" and "our" refer to ProntoForms Corporation and its subsidiaries.

This interim MD&A is an update of management's discussion and analysis provided in its annual filings dated March 9, 2016 and filed on www.SEDAR.com and includes a discussion of the results of operations and cash flows for the three and six months ended June 30, 2016. Such discussion and comments on liquidity and capital resources of the Company should be read in conjunction with the unaudited interim financial report for the three and six months ended June 30, 2016. The interim financial report has been prepared in Canadian dollars and using International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

All amounts are in Canadian dollars unless otherwise stated.

Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in the interim filings. Our Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed this MD&A and the accompanying financial statements.

Alvaro Pombo, Chief Executive Officer, and David Croucher, Chief Financial Officer, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the interim financial report and this MD&A (the "interim Filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the interim filings; and (b) the interim financial report together with the other financial information included in the interim Filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim Filings.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as "anticipate", "believe", "estimate", "expect", "foresee", "intend", "plan", or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current assumptions and expectations regarding future events. Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of our revenues going forward, anticipated market trends and technology adoption by our customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand and the Company's ability to obtain financing necessary to continue operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions, including but not limited to the following: (i) there can be no assurance that the Company will earn any profits in the future or that profitability, if achieved, will be sustained; (ii) if the Company is not able to achieve profitability, it will require additional equity or debt financing, and there can be no assurances that the Company will be able to obtain additional financial resources on favourable commercial terms or at all; (iii) the Company's quarterly revenues and operating results may fluctuate, which may harm its results of operations; (iv) the loss of business from a major customer, operator or other reseller could reduce the Company's sales and harm its business and prospects; (v) a portion of the Company's sales are through operators and other resellers, and an adverse change in the Company's relationship with any of such operators or other resellers may result in decreased sales; (vi) the market for software as a service is at a relatively early stage of development, and if it does not develop or develops more slowly than expected, the Company's business will be harmed; (vii) the Company faces competition from other software solution providers, which may reduce its market share or limit the prices it can charge for its software solutions; (viii) a global economic downturn or market volatility may adversely affect our business and/or our ability to complete new financings; (ix) the business of the Company may be harmed if it does not continue to penetrate markets; (x) the success of the business depends on the Company's ability to develop new products and enhance its existing products; (xi) the Company's growth depends in part on the success of its strategic relationships with third parties; (xii) the financial condition of third parties may adversely affect the Company; (xiii) the US dollar may fluctuate significantly compared to the Canadian dollar, causing reduced revenue and cash flow as most of our revenues are received in US dollars while most of our expenses are payable in Canadian dollars; (xiv) subscription services which produce the majority of the Company's revenue are hosted by a third party service for the Company and any interruption in service could harm its results of operations; (xv) the Company may be liable to its customers or third parties if it is unable to collect data or it otherwise loses data; (xvi) the Company may be liable for the handling of personal information; (xvii) intellectual property claims against the Company may be time consuming, costly to defend, and disruptive to the business; (xviii) the Company uses open source software in connection with its products which exposes it to uncertainty and potential liability; (xix) economic uncertainty and downturns in the software market may lead to decreases in the Company's revenue and margins; (xx) any significant changes in the technological paradigm utilized for building or delivering applications in Smartphone devices could harm the Company's business and prospects; and (xxi) if the Company loses any of its key personnel, its operations and business may suffer. Please see the MD&A filed on www.SEDAR.com dated March 9, 2016 for a more complete discussion of these and other risks. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

BUSINESS OVERVIEW

The ProntoForms Solution is a mobile workflow platform used by more than 60,000 subscribers in over 3,500 businesses to collect and analyze field data with smartphones and tablets. The platform is an intuitive, secure and scalable software as a service solution for mobilizing business processes, with a low total cost of ownership. Our customers use the solution to increase productivity and reduce cost, improve quality of service and mitigate risks. We have a broad cross section of customers in diverse industries, however our prime focus is in three key markets; Energy (Utilities, Gas and Oil), Field Services and Facility Management.

We co-market our solution with multiple industry-leading brands to build market demand and we sell directly and through software and IT resellers and tier-one carriers such as AT&T. AT&T is considered the world's leading carrier for selling business applications – many carriers globally have started emulating AT&T's go-to-market practices for introducing mobile business solutions. AT&T sells ProntoForms as a private label solution (AT&T Mobile Forms).

We are the winner of the 2015 Frost & Sullivan Competitive Strategy Innovation and Leadership Award for the Mobile Forms Industry. In their research report, Frost & Sullivan estimated the North American market for mobile forms to be 42 million users, in companies ranging from small and medium business to Enterprise.

The mobile business application market that we compete in remains highly fragmented. Recent developments have seen early consolidation among niche providers focused on a narrow set of technology, or targeted to a very specific vertical industry segment. Additionally, more wireless carriers globally have App stores for business applications, and continue to invest heavily in capturing business market share. Other factors affecting our industry include the continued decline in the cost of smartphones, tablets and wireless data plans, as competition in the mobile smartphone market increases. While we do not consider these patterns to be unusual for an emerging industry, these industry dynamics, combined with our company size, suggest that the abundance of applications, devices and network service providers will continue to impact decision making and implementation cycles by our customers. As a result, our revenue will continue to have significant variability for the foreseeable future, and we caution readers that quarter-to-quarter comparisons of our operating results are not necessarily meaningful and should not be relied upon as indications of likely future performance or annual operating results.

We remain confident that enterprises view the adoption of mobile business software solutions as a competitive requirement to their future business successes. Further, growing customer feedback continues to suggest that enterprises are finding meaningful return on investment on mobile applications, especially with the declining cost of smartphones, tablets and data plans. A growing number of enterprises are now beginning to assess the value of mobile business applications to their field operations, leaving market participants optimistic for future growth.

OUTLOOK

We believe that the smartphone and tablet platform should continue to grow in the enterprise marketplace in the next several years. Additionally, adoption of mobile-connected cloud services for data storage, sharing and analysis to measure and improve business processes is another favorable trend supporting our growth.

The ever-improving capabilities of mobile devices are making it more attractive for businesses to equip field workers with smartphones and tablets. The built-in rich media features in the devices (photos, videos, barcode scans, as well as time stamps and GPS location) combined with faster and more reliable wireless network coverage, are helping to support the market conditions for increasingly sophisticated mobile applications. As these devices continue to gain in popularity, we expect that market demand may increase for a wide variety of applications that run on mobile platforms and that we may benefit from this increased demand for applications. We also believe that with the growth in popularity of mobile devices, the market will see new device brand entrants, each with proprietary operating systems. We will need to ensure that we provide support to the devices introduced by these new entrants in order to maintain and grow our market share over time. While we believe that the recent movement from certain wireless network carriers to require device manufacturers to standardize on operating systems will continue to gain momentum, and that such a standardization will result in increased competition, this movement will likely take several years. Furthermore, we believe that our advanced commercial position with multiple tier-one carriers, and our advanced product/technology position with its open architecture approach, has positioned us to take advantage of the business mobility growth in the market over the next several years.

As of June 30, 2016, we had not yet achieved profitable operations and had accumulated losses since inception. Our success depends on our ability to increase revenues and achieve profitable operations or obtain additional financing through debt and/or equity arrangements. We believe that our cash on hand at the date of this report is sufficient to fund our operations through at least the first quarter of 2017.

While we currently expect that certain sales-related efforts and financing initiatives, if needed, will provide sufficient cash flow for us to continue operations in our present form, there is a risk that we may not be able to obtain sufficient other additional financing or that such arrangements may result in dilution to existing shareholders. Turmoil and uncertainty in the financial and business markets may impact our ability to raise additional financing proceeds and the terms related to the financing. If we are unable to secure required additional financing, we may not be able to meet our obligations as they come due, or to fully implement our intended plan of operations, raising substantial doubts as to our ability to continue as a going concern. There is no assurance that we will attain sufficient revenues to achieve and sustain profitability.

Recent Developments

2016

During the six months ended June 30, 2016, 1,439,084 common shares were issued upon the exercise of options for proceeds of $215,218.

2015

In the six months ended June 30, 2015, 163,000 common shares were issued upon the exercise of options for proceeds of $34,050.

On September 21, 2015, the Company completed a private placement resulting in gross proceeds of $3,450,000. The private placement involved the sale of 11,500,000 units at an issue price of $0.30 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to acquire one common share of the Company at an additional purchase price of $0.45 per share at any time up to eighteen months from the closing date.

$2,700,000 of the proceeds were brokered subject to commissions of $162,600 plus 542,000 compensation options that entitles the holder to purchase common shares at the $0.30 for a period of 18 months from the closing date.

Selected Quarterly Financial Information

Statement of Operations Data

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Revenue	**$ 2,879,573**	$ 2,149,367	**$ 5,735,818**	$ 4,017,146
Loss from operations	**(827,408)**	(571,908)	**(1,726,286)**	(1,296,800)
Net loss	**(864,704)**	(709,293)	**(1,992,377)**	(1,345,642)
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.02)

Balance Sheet Data

	As at June 30, 2016	As at December 31, 2015
Cash and cash equivalents	**$ 2,869,272**	$ 3,987,388
Net working capital	**2,908,984**	4,299,347
Total assets	**5,424,787**	7,243,792
Long-term liabilities	**1,901,513**	1,820,451
Total liabilities	**3,987,177**	4,306,413
Total shareholders' equity	**$ 1,437,610**	$ 2,937,379

Discussion of Operations

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015

	Three months ended		Change from		Three months ended	Change from	
	June 30, 2016	June 30, 2015	Q22015 to Q22016		March 31, 2016	Q12016 to Q22016	
Revenue							
Recurring revenue	**$ 2,557,910**	$ 1,848,881	$ 709,029	38%	$ 2,567,697	(9,787)	0%
Professional and other services	**321,663**	300,486	21,177	7%	288,548	33,115	11%
	2,879,573	2,149,367	730,206	34%	2,856,245	23,328	1%
Cost of revenue							
Recurring revenue	**268,714**	183,456	85,258	46%	287,305	(18,591)	-6%
Professional and other services	**257,946**	305,236	(47,290)	-15%	245,004	12,942	5%
	526,660	**488,692**	37,968	8%	532,309	(5,649)	-1%
Gross margin	**2,352,913**	1,660,675	692,238	42%	2,323,936	28,977	1%
Expenses							
Research and development	**990,431**	603,705	386,726	64%	1,064,129	(73,698)	-7%
Selling and marketing	**1,551,145**	1,116,929	434,216	39%	1,513,663	37,482	2%
General and administrative	**638,745**	511,949	126,796	25%	645,022	(6,277)	-1%
	3,180,321	2,232,583	947,738	42%	3,222,814	(42,493)	-1%
Loss from operations	**(827,408)**	(571,908)	(255,500)	45%	(898,878)	71,470	-8%
Foreign exchange gain (loss)	**17,745**	(60,611)	78,356	nm	(157,879)	175,624	nm
Interest and accretion	**(50,958)**	(45,353)	(5,605)	nm	(47,487)	(3,471)	nm
Change in fair value of derivative liability	**(4,083)**	(31,421)	27,338	nm	(23,429)	19,346	nm
NET LOSS AND COMPREHENSIVE LOSS	**$ (864,704)**	$ (709,293)	(155,411)	22%	$ (1,127,673)	262,969	-23%

nm - not considered meaningful

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

	Six months ended June 30, 2016	Six months ended June 30, 2015	Change from 2015 to 2016	
Revenue				
Recurring revenue	**$ 5,125,607**	$ 3,491,305	$ 1,634,302	47%
Professional and other services	**610,211**	525,841	84,370	16%
	5,735,818	4,017,146	1,718,672	43%
Cost of revenue				
Recurring revenue	**556,019**	315,534	240,485	76%
Professional and other services	**502,950**	553,728	(50,778)	-9%
	1,058,969	**869,262**	189,707	22%
Gross margin	**4,676,849**	3,147,884	1,528,965	49%
Expenses				
Research and development	**2,054,560**	1,289,884	764,676	59%
Selling and marketing	**3,064,808**	2,081,126	983,682	47%
General and administrative	**1,283,767**	1,073,674	210,093	20%
	6,403,135	4,444,684	1,958,451	44%
Loss from operations	**(1,726,286)**	(1,296,800)	(429,486)	33%
Foreign exchange gain (loss)	**(140,134)**	111,663	(251,797)	nm
Interest and accretion	**(98,445)**	(89,423)	(9,022)	nm
Change in fair value of derivative liability	**(27,512)**	(71,082)	43,570	nm
NET LOSS AND COMPREHENSIVE LOSS	**$ (1,992,377)**	$ (1,345,642)	(646,735)	48%

nm - not considered meaningful

The Company had a net loss of $864,704 and $1,992,377 respectively for the three and six months ended June 30, 2016 compared to a net loss of $709,293 and $1,345,642 respectively for the three and six months ended June 30, 2015. Non-GAAP net loss (see Non-GAAP Measures below) for the three months ended June 30, 2016 was $724,091, up from $510,071 for the comparable second quarter of 2015 and down from $730,843 for the previous first quarter of 2016. Non-GAAP net loss was $1,633,925 for the six months ended June 30, 2016 up from $924,284 for the comparable first half of 2015.

Loss from operations (see Additional GAAP Measures below) was $827,408 for the three months ended June 30, 2016 up from $571,908 for the comparable second quarter of 2015 and down from $898,878 for the previous first quarter of 2016. Loss from operations was $1,726,286 for the six months ended June 30, 2016 up from $1,296,800 for the comparable second quarter of 2015. The increase in operating loss over 2015 can be attributed to a conscious approach to add more operational and sales productivity. The Non-GAAP loss from operations (see Non-GAAP Measures below) was $718,053 for the three months ended June 30, 2016 up from $427,882 for the comparable second quarter of 2015 and down from $909,834 for the previous first quarter of 2016. Non-GAAP loss from operations was $1,448,896 for the six months ended June 30, 2016 up from $993,274 for the comparable first half of 2015.

Revenue

We earn recurring revenue primarily from our ProntoForms and related services provided on a subscription basis. Recurring revenue also includes maintenance and support earned from legacy license implementations.

We also generate other services revenue by offering professional services such as consultancy, form customization, software integration and installation. Subsequent to the initial license sale, customers may purchase additional professional services for the development of incremental forms, or integration to other back-office applications.

Our revenue is generated through a combination of direct and indirect sales. We have entered into distribution agreements with several resellers across North America, South America and Western Europe, as well as certain system integrators, mobile device manufacturers, and mobile operators. Our current focus is on building our direct sales team as we believe this provide us with the best opportunity for broad based subscription revenue growth. We expect that this increasingly global distribution network will provide us with broad worldwide reach to capitalize on the expected growth in the mobile business application software market.

Revenue detail

	Three months ended			Change from	
	June 30, 2016	March 31, 2016	June 30, 2015	Previous 2016 Q1	Comparable 2015 Q2
Revenue					
Recurring revenue	$ 2,557,910	$ 2,567,697	$ 1,848,881	0%	38%
Professional and other services	321,663	288,548	300,486	11%	7%
Total Revenue	2,879,573	2,856,245	2,149,367	1%	34%

	Six months ended		Change from
	June 30, 2016	June 30, 2015	**Comparable 2015**
Revenue			
Recurring revenue	$ 5,125,607	$ 3,491,305	47%
Professional and other services	610,211	525,841	16%
Total Revenue	5,735,818	4,017,146	43%

Total revenue for the three months ended June 30, 2016 was $2,879,573, representing a slight increase of 1% over the first quarter in 2016 of $2,856,245 and 34% growth over total revenue of $2,149,367 for the comparable second quarter of 2015. Total revenue for the six months ended June 30, 2016 was $5,735,818, which represented an increase of 43% from the comparable six months in 2015.

Recurring revenue for the three months ended June 30, 2016 was $2,557,910 compared to $2,567,697 in first quarter of 2016, and compared to $1,848,881 for the comparable second quarter of 2015, representing an increase of 38%. Recurring revenue for the six months ended June 30, 2016 was $5,125,607, which represented an increase of 47% from the comparable six months in 2015.

Approximately 88% of the recurring revenue base is in US dollars and the strengthening of the Canadian dollar against the US dollar had an impact on our recurring revenue growth and results in the second quarter.

Recurring revenue from operator channels decreased to $1,265,133 in the second quarter of 2016 from $1,332,778 in the first quarter of 2016, representing operator revenue decrease of 5% over the previous quarter and an increase of 20% over the 2015 second quarter operator revenue of $1,055,421. Operator channel revenue decreased slightly in the first half of 2016. Growth in operator recurring revenue tends to fluctuate from quarter to quarter depending on the variability of larger deals closing, and changes in their sales operations. In 2014, we launched a “standard” version of our product which sells for approximately half the price of our “professional” version. We realized $159,312 of revenue on this new product included in recurring revenue in the second quarter of 2016, compared to $142,134 in the comparable second quarter of 2015 and $188,321 in the first quarter of 2016.

We have increased our operating expenses with the intention of adding more operational and sales productivity to create a positive impact on revenue growth rates in future periods. In 2015, we increased spending in operating expenses by 71% over 2014 and increased operating expenses by 44% in the first half of 2016 over the comparable first half of 2015, with most of the increase in research and development and sales and marketing. See "Forward Looking Statements" above.

While subscriptions do not provide the immediate revenue impact and profitability of perpetual licenses, we believe they provide more value through significant and predictable revenue and cash flows for future periods.

Professional and other services revenue

Professional and other services revenue increased to $321,663 in the second quarter of 2016, compared to $288,548 in the first quarter of 2016 and $300,486 in the second quarter of 2015.

	Three months ended			**Change from**	
	June 30, 2016	March 31, 2016	June 30, 2015	Previous 2016 Q1	Comparable 2015 Q2
Professional services	225,645	168,342	96,688	34%	133%
Other services	96,018	120,206	203,798	-20%	-53%
Professional and other services revenue	321,663	288,548	300,486	11%	7%

	Six months ended		**Change from**
	June 30, 2016	June 30, 2015	**Comparable 2015**
Professional services	393,987	182,841	115%
Other services	216,224	343,000	-37%
Professional and other services	610,211	525,841	16%

Professional services revenue increased by 34% from $168,342 in the first quarter of 2016 to $225,645 in the second quarter of 2016 and increased by 133% from $96,688 in the comparable second quarter of 2015. Professional service revenue for the six months ended June 30, 2016 was $393,987, which represented an increase of 115% from the comparable six months in 2015.

Other services revenue includes revenue from contracts with device vendors for integration of vendor operating systems to ProntoForms® and from contracts with channel partners and device vendors for the delivery of marketing and development services. Other services revenue decreased by 20% from $120,206 in the first quarter of 2016 to $96,018 in the second quarter of 2016 and decreased by 53% from $203,798 in the second quarter of 2015. Other services revenue for the six months ended June 30, 2016 was $216,224, which represented a decrease of 37% from the comparable six months in 2015. Revenue from these contracts is recognized as the services are performed and is subject to variability from the availability of contracts from customers and availability of resources to perform the work due to competing marketing and product development objectives.

Gross Margin

Cost of revenue for recurring revenue consists of hosting, software and support department costs related to recurring revenue. Cost of revenue for professional and other services includes costs of our deployment and analytics departments and other marketing and development costs as needed.

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gross Margin On:				
Total revenue	82%	77%	82%	78%
Recurring revenue	89%	90%	89%	91%
Professional and other services	20%	-2%	18%	-5%
Professional services	*5%*	*-47%*	4%	-46%
Other services	*55%*	*20%*	43%	17%

Total revenue gross margin for the six months ended June 30, 2016 was $4,674,849 representing 82% of revenue compared to $3,147,884 representing 78% for the comparable first half of 2015.

Recurring revenue gross margin for the six months ended June 30, 2016 was $4,569,588 representing 89% of recurring revenue compared to $3,175,771 representing 91% for the first half of 2015.

Professional services and other revenue gross margin for the six months ended June 30, 2016 was $107,261 representing 18% of revenue compared to a negative margin of $27,887 representing a negative margin of 5% for the first half of 2015.

Gross margin on professional services was 4% for the six months ended June 30, 2016 compared to -46% for the comparable first half of 2015. Gross margin for these services has improved in recent quarters with the volume of deployment services. Gross margin on other services was 43% for the six months ended June 30, 2016 compared to 17% for the comparable first half of 2015.

Research and Development Expenses

Research and development expenses consist primarily of remuneration paid to engineering personnel and independent contractors whom we occasionally use to provide additional technical capacity on a short-term basis. Other research and development expenses include travel, rent and other occupancy costs for our engineering and technical support personnel.

For the six months ended June 30, 2016, research and development expense increased to $2,054,560 from $1,289,884 for the first half of 2015. Research and development expenses are shown net of investment tax credits ("ITC's") of approximately $60,000 and proceeds from other Government programs of approximately $25,000 compared to $60,000 of ITC's for the same period in 2015. We expect that the ITC's will accrue at approximately $25,000 to $30,000 per quarter in the short term and we will continue to pursue additional funding under Government funding programs.

Gross research and development costs increased over the course of 2015 and for the first quarter of 2016 as we added resources to speed development of the product. We expect R&D expense to grow at a moderate pace for the remainder of 2016.

Selling and Marketing Expenses

Our sales and marketing expenses consist primarily of compensation, including sales commissions, paid to our sales and marketing personnel. Other significant sales and marketing expenses include travel and living costs for the sales and marketing staff, and other advertising, promotion and trade show costs.

Our sales and marketing expenses increased in the six months ended June 30, 2016 to $3,064,808 from $2,081,126 for first half of 2015. Sales and marketing expense increased from prior year primarily due to an increased number of sales representatives and increased spending on other advertising, promotion, and trade shows. We expect that sales and marketing expense will increase with added resources and with the accrual of variable sales compensation on increased sales.

General and Administrative Expenses

Our general and administrative expenses consist primarily of remuneration paid to executive, finance, legal and corporate administrative staff. Other significant general and administrative expenses include legal and accounting professional fees, travel and insurance.

Our general and administrative expenses increased to $1,283,767 for the six months ended June 30, 2016 compared to $1,073,674 for the same period in 2015. We expect that general and administrative expenses will continue to increase moderately as we add infrastructure to support growth in operations and subscribers.

Foreign Exchange Gain (Loss) and Interest Expense

Foreign exchange gain relates primarily to the impact of the relative strength of the Canadian dollar against the US dollar on US originated revenues and net receivables. The Company realized a loss of approximately $140,000 in the first half of 2016 due to the effect on net US dollar monetary assets from the US dollar decreasing in value compared to the Canadian dollar.

Interest and accretion

Interest and accretion relates to interest of 8.5% per annum that is accrued and paid monthly on the $1,000,000 BDC loan plus accretion of the discounts applied at the inception of the loan resulting from loan costs and the bifurcation of the derivative liabilities from the loan amount.

Change in fair value of derivative liability

The derivative liability relates bonus payments as a percentage of future sales and a bonus obligation in the event of a possible sale of the Company. The derivative liability is revalued by management at the end of each reporting period.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2016, the Company had cash and cash equivalents of $2,869,272 and net working capital of $2,909,984. We manage our capital, being cash and cash equivalents, shareholders' equity and debt, with the primary objective of safeguarding working capital for use in operations. We may periodically use debt in the future to finance capital requirements. The Board of Directors has not established capital benchmarks or other targets.

Operations

Cash used for operating activities for the six months ended June 30, 2016 totaled $1,239,927 compared to cash outflow of $367,482 for the comparable first half of 2015. The decrease in cash from operations can primarily be attributed to net loss of $1,992,377 and a decrease in changes in non-cash operating working capital items. More specifically the decrease in accounts receivable of approximately $699,000, and a decrease in ITC receivable of $128,000 offset by an increase in prepaid and other receivables of approximately $174,000 and a decrease of accounts payable and accrued liabilities of approximately $360,000 and deferred revenue of $40,000.

We intend to continue to increase spending with the objective of growing our subscriber base and resulting revenues but we plan to control the amount we spend so that the net cash outflow from operations is managed against available liquidity and operational targets. See "Forward Looking Statements" above.

Financing Activities

During the six months ended June 30, 2016, 1,439,084 common shares were issued upon the exercise of options for proceeds of $215,218.

Investing Activities

Purchases of property and equipment increased from $66,218 for the six months ended June 30, 2015 to $83,066 for the six months ended June 30, 2016 and relate primarily for computers and office equipment for the day to day activities of employees. No purchases of intangibles were made in the six months ended June 30, 2016 compared purchases of $92,333 for the six months ended June 30, 2015. These relate to the purchase of computer software and software implementation cost. We currently have no material commitments for capital expenditures.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014, and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing 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. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IFRS 16 – Leases ("IFRS 16")

The IASB issued a new standard, IFRS 16 on January 13, 2016, which supersedes IAS 17 Leases. The new standard brings most leases on the balance sheet for lessees under a single model and eliminates the distinction between operating and finance leases. Lessor accounting remains largely unchanged. The new standard will come into effect for periods beginning on or after January 1, 2019. The Company is currently evaluation the impact of IFRS 16 on its consolidated financial statements.

RELATED PARTY TRANSACTIONS, OTHER OBLIGATIONS AND CONTINGENCIES

We lease office premises from a company controlled by the Chairman of the Board. On, January 26th, 2016, we signed a new seven year lease from the same company that will commence August 2016 through to July 2023. The current lease will be terminated by the landlord immediately prior to commencement of the new lease. The existing and new leases have the following minimum annual lease payments:

	$
2016	326,495
2017	702,000
2018	702,000
2019	702,000
2020 and beyond	2,567,500

For the three and six months ended June 30, 2016, the expense incurred under this lease was $88,222 and $168,829 respectively (2015 - $61,073 and $123,463). The Company had $Nil (December 31, 2015 - $Nil) owing related to rent associated with these leased premises at June 30, 2016.

The Company provided loans totaling $537,407 to the CEO to purchase common shares. The loans are non-interest bearing and repayable at any time on or before the maturity dates. The maturity dates of the 2009, 2014 and 2015 CEO Share Purchase Loans were extended to September 5, 2017.

The 2,668,488 common shares acquired under such share purchase loans are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid. The share purchase loans are immediately due and payable to the Company upon the sale of the common shares or upon the termination of employment, subject to certain conditions being met. The market value of the underlying common shares for the 2009, 2014 and 2015 CEO Share Purchase Loans as at June 30, 2016 was $853,916.

The following table provides a summary of the rent and the Company's other contractual obligations outstanding as at June 30, 2016:

		Payments due by period		
	Total	**Less than 1 year**	**1-3 Years**	**Greater than 3 Years**
Office and equipment lease obligations	$ 5,011,175	$ 680,075	$ 2,113,740	$ 2,217,360
Derivative Liability – BDC Loan	1,369,250	-	1,369,250	-
Long-term Debt - BDC Loan	1,000,000	-	1,000,000	-
	$ 7,380,425	$ 680,075	$ 4,482,990	$ 2,217,360

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 93,077,918 common shares were issued and outstanding as of the date of this MD&A. In addition, the Company has warrants outstanding to purchase up to an aggregate of 5,750,000 common shares and agents' warrants to purchase an additional 542,000 common shares.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 12,429,583. Options granted under the Option Plan to purchase up to an aggregate of 7,649,751 common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are exercised, 107,019,669 common shares would be issued and outstanding on a fully diluted basis.

QUARTERLY INFORMATION

	Three months ended			
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Revenue	$ 2,879,573	$ 2,856,245	$ 2,758,979	$ 2,416,162
Loss from operations	(827,408)	(898,878)	(758,971)	(630,735)
Net loss and comprehensive loss	(864,704)	(1,127,673)	(702,975)	(560,737)
Weighted average number of shares outstanding, basic and diluted	89,350,391	89,023,423	88,906,351	78,327,846
Net loss per common share, basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	Three months ended			
	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Revenue	$ 2,149,367	$ 1,867,779	$ 1,621,826	$ 1,698,458
Loss from operations	(571,908)	(724,892)	(672,185)	(339,369)
Net loss and comprehensive loss	(709,293)	(636,349)	(683,379)	(313,260)
Weighted average number of shares outstanding, basic and diluted	77,140,154	77,039,846	76,871,588	76,634,846
Net loss per common share, basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ -

The financial data in the preceding tables was prepared in accordance with IFRS and is presented in Canadian dollars.

ADDITIONAL GAAP AND NON-GAAP MEASURES

This MD&A makes reference to certain Additional GAAP and Non-GAAP financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use Loss from Operations as an Additional GAAP Measure and we use Non-GAAP financial measures, including Non-GAAP Loss from Operations, and Non-GAAP Net Loss to provide investors with supplemental measures of our operating performance and to highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Loss from Operations

The Company uses "Loss from Operations" as an additional GAAP financial measure within the financial statements and MD&A but it is not a defined term under IFRS to assess performance. Management believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period.

Loss from operations is calculated as total revenues less total operating expenses derived from the Consolidated Statements of Comprehensive Loss. It is used by management to analyze operating performance but it is not intended to represent an alternative to net earnings or other measures of financial performance in accordance with IFRS.

Non-GAAP Loss from Operations

The Company uses "Non-GAAP Loss from Operations" as a non-GAAP financial measure within the MD&A but it is not a defined term under IFRS to assess performance. Non-GAAP Loss from Operations is calculated as follows:

	Three Months ended June 30,	
Non-GAAP Loss from Operations	**2016**	**2015**
GAAP Loss from Operations	(827,408)	(571,908)
Add back:		
Share based compensation	109,355	144,026
	(718,053)	(427,882)

	Six Months ended June 30,	
Non-GAAP Loss from Operations	**2016**	**2015**
GAAP Loss from Operations	(1,726,286)	(1,296,800)
Add back:		
Share based compensation	277,390	303,526
	(1,448,896)	(993,274)

Management use this information to measure operating results in relation to available working capital and cash and believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period. We believe that securities analysts, investors and other interested parties frequently use Non-GAAP measures in the evaluation of issuers.

Non-GAAP Net Loss

The Company uses "Non-GAAP Net Loss" as a non-GAAP financial measure within the MD&A but it is not a defined term under IFRS to assess performance. Non-GAAP Loss from Operations is calculated as follows:

	Three Months ended June 30,	
Non-GAAP Net Loss	**2016**	**2015**
GAAP Net Loss	(864,704)	(709,293)
Add back:		
Share based compensation	109,355	144,026
Accretion on long-term debt	27,175	23,775
Change in fair value of derivative	4,083	31,421
	(724,091)	(510,071)

	Six Months ended June 30,	
Non-GAAP Net Loss	**2016**	**2015**
GAAP Net Loss	(1,992,377)	(1,345,642)
Add back:		
Share based compensation	277,390	303,526
Accretion on long-term debt	53,550	46,750
Change in fair value of derivative	27,512	71,082
	(1,633,925)	(924,284)

Management use this information to measure financial results in relation to available working capital and cash and believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period. We believe that securities analysts, investors and other interested parties frequently use Non-GAAP measures in the evaluation of issuers.