

SNIPP INTERACTIVE INC.

Quarterly Report to Shareholders for the Three and Nine Months Ended September 30, 2023

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

Dated: January 2, 2024

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these 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 these interim filings, and these interim consolidated financial statements together with the other financial information included in these interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these interim filings.

The board of directors (the "Board") approves the consolidated financial statements and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets quarterly to review all financial reports, prior to filing. The Audit Committee consists of Sarfaraz Haji, Brian Tunick and Sina Miri. Mr. Haji, Mr. Tunick, and Mr. Miri are independent directors.

This report contains forward-looking statements, which are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. Forward-looking statements include, but are not limited to, our expectations regarding:

- General economic conditions and market trends and their anticipated effects on our business;
- Our future sales initiatives;
- Our future revenue growth; and
- Our liquidity and capital resources available to us to fund our ongoing operations.

For additional information related to forward-looking statements and material risks associated with them, refer to the section of this report entitled "CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS".

Non-GAAP Measures

Snipp uses certain performance measures throughout this document that are not recognizable under Canadian generally accepted accounting principles or IFRS ("GAAP"). These performance measures include Gross Margin ("Margin") and EBITDA. Management believes that these measures provide supplemental financial information that is useful in the evaluation of the Company's operations. Investors should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with GAAP and IFRS as an indicator of Snipp's performance. The Company's method of calculating these measures may differ from that of other organizations, and accordingly, these may not be comparable.

Gross Margin

Snipp defines Gross Margin / Margin as revenue less campaign infrastructure. The Company's calculation of Gross Margin is not a financial measure that is recognized under GAAP. Investors should be cautioned that the Company's defined Gross Margin should not be construed as an alternative measure to other measures determined in accordance with GAAP.

EBITDA

Snipp defines earnings before interest, taxes, depreciation and amortization ("EBITDA") as revenue minus operating expenses excluding non-cash operating expenses of share-based payments, depreciation and amortization (interest and taxes are not included in the Company's operating expenses).

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Strategic Overview

To understand the company's historical performance in addition to the potential opportunities that lie in front of the company, it is important to first understand the company's Mission, Vision and Goals:

The Snipp Mission

To Build a Platform for the Worlds Leading Companies To Access Data On Their Customers

The Snipp Vision

A single source of customer truth that is constantly evolving with richer and deeper data on customer habits, behavior and attitudes.

This vision can be best encapsulated in the following video clip - <http://snipp.us!/cpC1H>

Business Goals

1. Build a platform that enables annualized EBITDA growth
2. Drive Revenue Mix towards Long Term Recurring Revenue streams
3. Achieve a sense of Trust & Transparency across all key stakeholders

The execution of this strategy has driven every aspect of the business resulting in the company achieving its EBITDA performance as described in our quarterly results. In addition, the company has succeeded in changing its mix of revenue from less than 20% of its revenue having long term recurring components to approximately 50% today and continues to focus on building all aspects of the company around maximizing this strategy.

Revenue Analysis

During the past year our focus was on building long term recurring revenues (LTRR). To understand the ongoing transition the Company is going through as it builds it (LTRR), it is important to understand the Company's products and services and how they lend themselves to four different purchase types by the Company's clients. There are 4 mechanisms by which products get sold. This leads to:

1. *Short term high margin* revenue through the sale of programs that have a high component of licensing, services and/or platform customizations with low redemption of incentives (STHM)
2. *Short term low margin* revenue through the sale of programs that have a high component of redemption of incentives (STLM)
3. *Long term recurring revenue streams with low margin* revenue through the sale of programs that have a high component of redemption of incentives (LTLM)
4. *Long term recurring revenues with high margin* revenue through the sale of programs that have a high component of licensing, services and/or platform customizations with low redemption of incentives (LTHM)

As a pioneer in its industry the Company historically had a high % of STHM revenue especially in its early days. In the early days as clients launched programs on Snipp's technology stack to test and measure feedback from the end customer, the value of reward redemptions for these programs was typically low given their newness in the market. As Snipp innovations became more mainstream and end user adoption rose, these same clients also increased their willingness to spend more on media to support the programs they were rolling out based on the Company's products and launch more programs across their brand portfolios. The success of these programs consequently led to more user participation and more reward incentives being distributed by the Company leading to Snipp's revenue morphing into a mix of STHM and STLM. The quality of this type of revenue is further impacted by the fact that programs in these genres also typically run for up to a maximum of 12 weeks and are tied to a specific promotion window – for example Valentine's day, Back to School, Superbowl Sunday etc. Examples of programs in this space include Giveaways, Sweepstakes, Instant Wins, Buy X Get Y, etc. They launch quickly, run for short periods of time and redeem incentive rewards at high rates if appropriately promoted. Every year one or two of these programs go 'viral' resulting in large reward 'redemptions' which drives the Company's top line revenue but contribute very little to the Company's bottom line. However, it is impossible for the Company to forecast or estimate the number of these programs that sell in or get a sense of how these programs will perform in the market. This results in a severe lack of future visibility for the Company. In many cases the Company's customers also do not have insights into whether retailers will give them approvals to run such programs. A large portion of the Company's revenue comes from STHM and STLM which provides lack of visibility into our revenue forecasts and can lead to sudden drops in our quarterly revenues. Our remaining revenue comes from LTRR which is what the Company has been consciously building out over the last year. As Snipp's leading Fortune 500 clients have come to understand the value of and chalked up one success after another on Snipp's technology stack, end customer acceptance of Snipp innovations like "Snap and Send a picture of your receipt" grew as reflected by higher participation and demand for programs run on Snipp's platform. Clients got comfortable in the staying power of

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Snipp and the industry's need for first party data grew. The opportunity for the Company to up sell its clients to more LTRR has arisen. LTRR is the holy grail of revenue as it can be generated at lesser cost, with more visibility as well as drives a higher valuation for the Company. This led to the Company consciously focusing on developing its product line to meet this opportunity with its suite of APIs that are available for licensing as well as a full suite of enterprise class solutions that enables clients to run evergreen solutions for customer acquisition and retention. Fiscal 2021 and the prior year represented this transition from Short Term project type revenue to Long Term recurring revenue.

The advantages in this shift to LTRR that we see materializing are:

- a. Lower cost to service
- b. Higher margin
- c. Higher average revenue per program
- d. Deeper client penetration and relationships
- e. Opportunity to sell additional services around the core evergreen licenses and products sold

The only downside to focusing on LTRR is that the sales cycle is traditionally significantly longer than our traditional short-term business as we layer in more long-term contracts. This is the transition we are in the midst of today.

Bookings Backlog stood at \$14.5MM at September 30, 2023, an increase of 17% from September 30, 2022 of \$12.4MM. Bookings Backlog represents a number of different signed contracts and with multiple types of revenue representing the Snipp product portfolio. Every contract signed each quarter will add to this growing Bookings Backlog of revenue. Snipp defines Bookings Backlog as future revenue from existing customer contracts to be recognized in future quarters. Bookings get translated into revenues based on IFRS principles and the Bookings Backlog reflects how revenues in future quarters are steadily being booked today. This revenue gives the Company better revenue visibility each quarter.

Description of Business and Overall Performance

Snipp Interactive Inc. (the "Company" or "Snipp") was incorporated under the *Business Corporations Act* (British Columbia) on January 21, 2010. Snipp is a global loyalty and promotions company focused on developing marketing engagement platforms that generate insights and drive sales. The Company's solutions include shopper marketing promotions, loyalty, rewards, rebates and receipt processing, and it also provides clients the services and expertise to design, execute and promote their marketing programs.

The Company has an active presence to the United States, Canada, Ireland, Switzerland and India with a sales office in each of these markets to service both its international clientele and develop local clients.

Currently the Company offers clients five main solution suites:

- **Receipt Processing:** The Company's unique SnippCheck mobile receipt processing solution allows brands to execute customized purchase-based promotions and loyalty programs. It supports any qualification criteria and works across all retailers and all devices. SnippCheck is the industry's leading receipt processing solution, currently supporting two of the largest CPG loyalty programs and having processed millions of receipts for hundreds of promotions. The company also has made available API Licensing for clients to incorporate into their own Apps and/or web ecosystems.
- **Promotions:** SnippWin, the Company's promotions and sweepstakes platform provides a full range of promotions from contests and simple sweepstakes to instant win programs and tiered, multi-level games. SnippWin is tightly integrated with SnippCheck and allows clients to tie their promotions to actual purchases, thereby getting a clear ROI for the program as well as basket level purchase data from their consumers.
- **Reward Solutions:** The Company has a robust rewards platform that is used by clients either in conjunction with other Snipp solutions or in standalone programs. The Company continues to flesh out its portfolio of rewards and adding new reward categories. The Company also has made available API Licensing for clients to incorporate into their own Apps and/or web ecosystems.
- **Loyalty Programs:** SnippLoyalty is a robust, enterprise strength solution that. that has several unique features. It allows clients to deploy anything from simple punch-card programs to sophisticated, full-fledged points-based loyalty programs with rewards stores attached. This solution is focused on the emerging space of CPG and other multi-channel retailers/manufacturer. It comes pre-integrated with Snippcheck, SnippRewards and its highly customizable SnippInsights analytics engine.
- **Analytical Data Solutions:** Given the vast amounts of first party data generated, the company has developed an analytics tool called SnippInsights. This tool comes pre-integrated with all of its solutions and allows clients to make sense of the data in a variety of ways that allow for intelligent decision making. The tool collects and unifies data across all of the programs that clients run on the Snipp platform.

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The Company's clients are primarily advertising agencies, brands and related marketing and promotions agencies looking to create programs to engage their customers and drive sales. In addition to the solutions listed above, the Company delivers end-to-end services including comprehensive advice in conceptualizing promotion marketing programs, rapid and flexible deployment based on the Company's technology platforms and tracking & analysis of customer data.

Going forward, the Company aims to scale its business in the client segments in which it has successfully operated to date by focusing on further productizing and improving its suite of marketing solutions, and by further expanding its presence within existing clients as well as continuing to acquire new ones. The Company believes it has uniquely differentiated solutions for clients looking to do loyalty programs, purchase-based promotions, rebates, digital rewards and receipt processing and is focused on selling the full range of its solutions to clients. Finally, the Company plans to take an active part in shaping the dynamic promotions industry and to enhance its technology offering and market position through various forms of strategic partnering and merger & acquisition activity.

Outstanding Share Data

As of January 2, 2024, 282,337,829 common shares were issued and outstanding. In addition, as of January 2, 2024, there were 22,459,334 stock options outstanding with exercise prices ranging from C\$0.05 to C\$0.145 per share. There were no warrants outstanding as of January 2, 2024.

Proposed Transactions

As of January 2, 2024, the Company has no proposed transactions.

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Comparative Results

Revenue for Q3 2023 of \$8,558,577 compared to Q3 2022 of \$7,936,413, an increase of 8%. The Company recognized EBITDA of \$33,408 in Q3 2023 compared to EBITDA of \$280,540 in Q3 2022, an EBITDA decrease of \$247,132. Revenue for the first nine months of fiscal 2023 of \$22,585,589 compared to the first nine months of fiscal 2022 of \$17,616,774, an increase of 28%. The Company recognized an EBITDA loss of \$(1,939,921) during the first nine months of fiscal 2023 compared to EBITDA of \$716,190 during the first nine months of fiscal 2022, an EBITDA decrease of \$2,656,111.

	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022		9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
REVENUE	8,558,577	7,936,073		22,585,589	17,616,434
OPERATING EXPENSES					
Salaries and compensation	2,072,410	1,787,490		6,388,110	4,956,310
General and administrative	256,981	286,303		700,938	816,695
Campaign infrastructure	5,799,659	5,244,894		16,222,950	10,372,760
Professional fees	38,911	1,705		195,022	130,170
Marketing and investor relations	320,743	322,125		941,704	579,949
Travel	36,465	13,016		76,786	44,360
Amortization of intangibles	276,048	263,311		816,056	813,565
Depreciation of equipment	2,969	2,320		8,294	6,788
Share-based payments	40,348	159,660		336,385	511,651
Total Operating Expenses	8,844,534	8,080,824		25,686,245	18,232,248
Operating loss	(285,957)	(144,751)		(3,100,656)	(615,814)
Other Non-Operating Items					
Interest income	28,662	22,856		107,525	32,526
Foreign exchange gain (loss)	71,590	36,993		(78,813)	143,829
Net loss before tax provision	(185,705)	(84,902)		(3,071,944)	(439,459)
Provision for taxes	820	-		(39,811)	(28,934)
Net loss	(184,885)	(84,902)		(3,111,755)	(468,393)
Cumulative translation adjustment	(212,901)	(437,437)		56,997	(708,916)
Comprehensive loss	(397,786)	(522,339)		(3,054,758)	(1,177,309)
EBITDA Calculations					
Operating loss	(285,957)	(144,751)		(3,100,656)	(615,814)
Amortization of intangibles	276,048	263,311		816,056	813,565
Depreciation of equipment	2,969	2,320		8,294	6,788
Share-based payments	40,348	159,660		336,385	511,651
EBITDA	33,408	280,540		(1,939,921)	716,190

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Results for the Three Months Ended September 30, 2023 and 2021:

Snipp had revenues of \$8,558,577 during the third quarter ended September 30, 2023 (Q3 2023) compared to \$7,936,073 during the third quarter ended September 30, 2022 (Q3 2022), an increase of 8%. (Q3 2023 EBITDA was \$33,408 compared to Q3 2022 EBITDA of \$280,540). During the three months ended September 30, 2023 the Company incurred operating costs of \$8,844,534 which included non-cash operating costs totalling \$319,365 comprised of share-based payments, depreciation and amortization. During the three months ended September 30, 2022, the Company incurred operating costs of \$8,080,824 which included non-cash operating costs totalling \$425,291 comprised of share-based payments, depreciation and amortization. Total operating costs increased in Q3 2023 by \$763,710 compared to Q3 2022, which was mainly attributed to increased revenue and corresponding increased campaign infrastructure costs.

The “net loss before interest expense, foreign exchange and taxes” for the three months ended September 30, 2023, amounted to \$285,957 compared to “net loss before interest expense, foreign exchange and taxes” \$144,751 for the three months ended September 30, 2022.

The net loss for the three months ended September 30, 2023, amounted to \$184,885 or \$0.00 per share compared to net loss of \$84,902 or \$0.00 per share for the three months ended September 30, 2022.

Salaries and compensation represent amounts paid to the Company’s management and all consultants and employees. During the third quarter of fiscal 2023 the Company incurred \$2,072,410 in salaries and compensation expense compared to \$1,787,490 incurred during the third quarter of fiscal 2022, an increase of 16%. The increase in salaries and compensation expense is attributable to additional hires that took place.

General and administrative costs were \$256,981 in the third quarter of fiscal 2023 compared to \$286,303 incurred during the third quarter of fiscal 2022, a decrease of 10%. The Company remains committed to its strategy of maintaining a cost advantage and keeping overhead as low as possible.

Campaign infrastructure costs were \$5,799,659 during the third quarter of fiscal 2023 compared to \$5,244,894 incurred during the third quarter of fiscal 2022, an increase of 11%. These costs are associated with maintaining the Company’s short code for mobile messaging services, cellular network usage, costs of rewards and third-party campaign components required to support client campaigns. The increase in campaign infrastructure costs was primarily due to an increase in low margin reward redemptions. These reward redemptions were amplified by our Gambit Rewards product.

Professional fees and travel costs were \$38,911 and \$36,465, respectively, during the three months ended September 30, 2023 compared to \$1,705 and \$13,016, respectively, incurred during the three months ended September 30, 2022. Professional fees relate to legal and accounting services provided to the Company and can vary from period to period. Travel costs vary from period to period depending on travel required to support operations. The Company incurred bad debt expense of \$nil during Q3 2023 compared to \$nil during Q3 2022. Bad debt expense represents uncollectible accounts receivable that has been written off.

Marketing and investor relations expenses of \$320,743 were incurred during the three months ended September 30, 2023 compared to \$322,125 incurred during the three months ended September 30, 2022, a decrease of 0.4%. The Company recognized amortization expense of \$276,048 and depreciation expense of \$2,969 during the third quarter of fiscal 2023 corresponding to the amortization of intangible assets and depreciation of equipment. During the third quarter of fiscal 2022 the Company recognized amortization expense of \$263,311 and depreciation expense of \$2,320 .

The Company granted stock options to directors, officers, consultants and employees during current and prior periods. Share-based payments expense of \$40,348 was incurred during the three months ended September 30, 2023 compared to share-based payments expense of \$159,660 recognized during the three months ended September 30, 2022. Share-based payments expense represents the non-cash vested portion of stock option grants as options were granted in current and prior periods and have vesting spread over current and future periods.

Other non-operating items during the third quarter of fiscal 2023 include interest income of \$28,662, foreign exchange gain of \$71,590 and tax recovery of \$820. This compares to other non-operating items during the third quarter of fiscal 2022 that included interest income of \$22,856, and foreign exchange gain of \$36,993. Interest income is generated from cash deposits held in cashable interest earning bank accounts. Foreign exchange gain/loss corresponds to transactions within our consolidated group that are based in multiple foreign currencies and where the changes in the exchange rate of these currencies versus the US dollar results in gains or losses. Taxes are incurred from entities within our consolidated group that generate taxable net income.

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Results for the Nine Months Ended September 30, 2023 and 2021:

Snipp had revenues of \$22,585,589 during the nine months ended September 30, 2023 compared to \$17,616,434 during the nine months ended September 30, 2022, an increase of 28%. (Nine months ended September 30, 2023 EBITDA loss was \$1,939,921 compared to nine months ended September 30, 2022 EBITDA of \$716,190). During the nine months ended September 30, 2023 the Company incurred operating costs of \$25,686,245 which included non-cash operating costs totalling \$1,160,735 comprised of share-based payments, depreciation and amortization. During the nine months ended September 30, 2022, the Company incurred operating costs of \$18,232,248 which included non-cash operating costs totalling \$1,332,004 comprised of share-based payments, depreciation and amortization. Total operating costs increased during the first nine months of fiscal 2023 by \$7,453,997 compared to the first nine months of fiscal 2022, which was mainly attributed to increased revenue and corresponding increased campaign infrastructure costs.

The “net loss before interest, foreign exchange and taxes” for the nine months ended September 30, 2023 amounted to \$3,100,656 compared to “net loss before interest, foreign exchange and taxes” of \$615,814 for the nine months ended September 30, 2022.

The net loss for the nine months ended September 30, 2023, amounted to \$3,111,755 or \$0.01 per share compared to net loss of \$468,393 or \$0.00 per share for the nine months ended September 30, 2022.

Salaries and compensation represent amounts paid to the Company’s management and all consultants and employees. During the first nine months of fiscal 2023 the Company incurred \$6,388,110 in salaries and compensation expense compared to \$4,956,310 incurred during the first nine months of fiscal 2022, an increase of 29%. The increase in salaries and compensation expense is attributable to additional hires that took place.

General and administrative costs were \$700,938 in the first nine months of fiscal 2023 compared to \$816,695 incurred during the first nine months of fiscal 2022, a decrease of 14%. The Company remains committed to its strategy of maintaining a cost advantage and keeping overhead as low as possible.

Campaign infrastructure costs were \$16,222,950 during the first nine months of fiscal 2023 compared to \$10,372,760 incurred during the first nine months of fiscal 2022, an increase of 56%. These costs are associated with maintaining the Company’s short code for mobile messaging services, cellular network usage, costs of rewards and third-party campaign components required to support client campaigns. The increase in campaign infrastructure costs was primarily due to an increase in low margin reward redemptions. These reward redemptions were amplified by our Gambit Rewards product.

Professional fees and travel costs were \$195,022 and \$76,786, respectively, during the nine months ended September 30, 2023 compared to \$130,170 and \$44,360, respectively, incurred during the nine months ended September 30, 2022. Professional fees relate to legal and accounting services provided to the Company and can vary from period to period. Travel costs vary from period to period depending on travel required to support operations. The Company incurred bad debt expense of \$nil during the first nine months of fiscal 2023 compared to \$nil during the first nine months of fiscal 2022. Bad debt expense represents uncollectible accounts receivable that has been written off.

Marketing and investor relations expenses of \$941,704 was incurred during the nine months ended September 30, 2023 compared to \$579,949 incurred during the nine months ended September 30, 2022, an increase of 62%. The Company recognized amortization expense of \$816,056 and depreciation expense of \$8,294 during the first nine months of fiscal 2023 corresponding to the amortization of intangible assets and depreciation of equipment. During the first nine months of fiscal 2022 the Company recognized amortization expense of \$813,565 and depreciation expense of \$6,788 .

The Company granted stock options to directors, officers, consultants, and employees during current and prior periods with vesting occurring during the nine months ended September 30, 2023. Share-based payments expense of \$336,385 was incurred during the nine months ended September 30, 2023 compared to \$511,651 incurred during the nine months ended September 30, 2022. Share-based payments expense represents the non-cash vested portion of stock option grants as options were granted in current and prior periods and have vesting spread over current and future periods.

Other non-operating items during the first nine months of fiscal 2023 include interest income of \$107,525, foreign exchange loss of \$78,813 and taxes of \$39,811. This compares to other non-operating items during the first nine months of fiscal 2022 that included interest income of \$32,526, foreign exchange gain of \$143,829 and taxes of \$28,934. Interest income is generated from cash deposits held in cashable interest earning bank accounts. Foreign exchange gain/loss corresponds to transactions within our consolidated group that are based in multiple foreign currencies and where the changes in the exchange rate of these currencies versus the US dollar results in gains or losses. Taxes are incurred from entities within our consolidated group that generate taxable net income.

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Selected Annual Financial Information

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Total revenues	24,663,943	14,354,455
Income (loss) before taxes, discontinued operations and extraordinary items:		
(i) total for the year	(1,364,279)	1,476,839
(ii) per share	(0.01)	0.01
Net income (loss):		
(i) total for the year	(1,394,620)	1,457,474
(ii) per share	(0.01)	0.01
Total assets	15,496,526	7,104,578
Total other financial liabilities (non-cash)	Nil	Nil
Cash dividends declared per-share	Nil	Nil

For the 2022 fiscal year, revenue increased by 72% and the Company recognized an EBITDA of \$22,465. The net loss of (\$1,394,620) is mainly attributed to salaries and compensation, campaign infrastructure expenses and amortization expense. The Company incurred total operating costs of \$26,408,048 in fiscal 2022, an increase of 82% compared to fiscal 2021. Campaign infrastructure of \$15,246,604, salaries and compensation of \$6,911,151 and amortization of \$1,086,832 represented the three largest components of the total operating costs in fiscal 2022.

For the 2021 fiscal year, revenue increased by 65% and the Company recognized a significant improvement in EBITDA of \$1,715,818. The net income of \$1,457,474 is attributed to the increase in revenues. The Company incurred total operating costs of \$14,488,595 in fiscal 2021, an increase of 44% compared to fiscal 2020. Salaries and compensation of \$5,896,993, campaign infrastructure of \$6,313,422 and amortization of \$1,159,565 represented the three largest components of the total operating costs in fiscal 2021.

Future Growth

The information in this section is forward-looking and should be read in conjunction with the section below entitled “CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS”.

The promotions marketing industry is a large industry (estimated to be worth \$80 billion annually in North America) and will continue to represent a key focus area for the Company especially as new vertical markets open up for the company to implement its solutions. In addition to the \$80 billion promotions marketing industry¹, Management will look to expand its presence in the still new and rapidly evolving CPG/multi-channel loyalty space as well as enter previously untapped and evolving markets that the company has identified its platform is well suited for including international opportunities. Loyalty is a \$48 billion industry in the U.S. alone and loyalty management is expected to grow from \$1.5 billion in 2015 to \$4.8 billion by 2020². The purchase level data that the Company collects through its loyalty, rebate and receipt solutions allows it to help brands better plan and optimize all of their advertising spend (and not just for promotions and loyalty). By tracking the activation source and leveraging the purchase data captured from existing programs management believes it will be able to capture additional share in the \$500 billion global advertising market³.

In addition to the continued development of the Company’s existing platforms and the launch of solutions targeted to new markets, repeat business from large global brands, an increasing number of Fortune 500 customers directly approaching the Company for its solutions, and opportunities for the Company to make strategic acquisitions, Management believes it is in a very strong position to further penetrate and expand the vertical markets its services not only in the United States of America but also in other key markets including Canada and Western and Central Europe.

Management believes that the Company is well poised in the market for a variety of reasons:

1. Continued strength of the existing SnippCheck platform
2. Further iterations and enhancements of its Loyalty, Rewards and Rebates platforms
3. Increasing requests and opportunities for long term licensing and services contracts given its new products allowing the company to go deeper into its roster of Fortune 500 clients.

1. Continued Strength of the Existing SnippCheck Platform

The Company is seeing continued traction with SnippCheck, its mobile receipt processing solution. SnippCheck is one of the pioneers in the space of receipt processing and purchase validation. SnippCheck remains the market leader in terms of the number of programs and the size of programs that utilize the SnippCheck platform. It is the only solution for brands looking to do programs at scale, having powered several hundred programs for leading Fortune 500 brands and world-class agencies and partners as well as the three largest CPG receipt-based loyalty programs. SnippCheck is unique in that it offers clients 100% accuracy at scale in the processing of its receipts, and with the friendliest user-experience available.

The solution is highly customizable, flexible and extensible and can easily be tailored to meet each client’s unique program needs. Significant promotions activity is tied to purchase, and SnippCheck enables brands to validate consumer purchases for various promotions. Prior to SnippCheck, brands looking to do programs tied to purchase were limited to either code-on-pack solutions, mail-in programs or integrating directly into retailer point-of-sale systems, all of which are cumbersome, expensive, and with their own shortcomings. SnippCheck also serves as an effective engine around which to continue to add promotions-related features and functionality requested by clients. The Company continually builds on these components with the eventual vision of creating a closed-loop, single-platform solution for marketers across the path to purchase. Further, the Company’s 100% accuracy and straightforward user experience are continuing to differentiate it in the industry as more CPG and other multichannel clients recognize the value of such a solution.

Furthermore, SnippCheck remains the linchpin of the Company’s expansion strategy into new sectors and industries. Multichannel brand categories all face the same constant problem in their marketing activities: how to validate and incentivize consumer purchases and create direct transaction-based connections with them. As receipt processing itself becomes more of an accepted solution to consumers, the value of the SnippCheck platform and its extensibility to other segments continues to increase.

¹ Raymond James, Snipp research, AIMIA, Incentive Marketing Organization, eMarketer

² Colloquy, Markets and Markets

³ Magna Global, Paradigm

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2. Further iterations and enhancements of its core platforms

- A. **SnippLoyalty:** In exploring spaces adjacent to its current set of offerings, Management identified other industries that are well suited for its loyalty solution and a key area for expansion. Management believes there is significant scope to further enhance the integration of its SnippCheck receipt processing solution with its enterprise loyalty platform to target new markets alongside the existing focus of its sales efforts.
- B. **SnippRewards:** The Company's reward platform has been strengthened and enhanced with new reward types like data rewards. The Company has already expanded its Rewards offerings to include movie tickets, PayPal and other money back mechanisms internationally.
- C. **SnippInsights Data Analytics:** Through its marketing programs the Company continues to accumulate a vast amount of data about consumers, gaining insights into their demographics, purchase habits, shopping basket data as well as sources of entry into promotions. Because this information is extremely valuable to brands, the Company is productizing the data to create analytics solutions to enable brands to better understand customers, behaviors and trends.

3. Increasing requests and opportunities for long term licensing and services contracts given its new products allowing the company to go deeper into its roster of Fortune 500 clients.

Management has been able to sign long term agreements and MSAs as well as renew deals with several key clients who are looking to license components of the Snipp platform or lock-in pricing for multiple sets of programs or for longer term evergreen programs. Management continues to be approached by existing clients and is engaged in multiple such new conversations aided by the launch of its Loyalty base and Snipp Rebates products. Opportunity also exists to sign deals with international companies who have previously utilized the company's products in North America. The Company is exploring multiple such sales opportunities.

4. Revenue growth from Gambit Rewards

As indicated in "Description of Business and Overall Performance", Snipp's acquisition in fiscal 2022 of Gambit Rewards has begun to impact top line revenue in a meaningful way. We anticipate continued revenue growth from Gambit Rewards.

Selected Quarterly Financial Information

		3 rd Quarter Ended September 30, 2023	2 nd Quarter Ended June 30, 2023	1 st Quarter Ended March 31, 2023
(a)Revenue		\$8,558,577	\$7,451,883	\$6,575,129
(b)Net income(loss) for period		(\$184,885)	(\$1,359,477)	(\$1,567,393)
(c)Net income (loss) per share		(\$0.00)	(\$0.00)	(\$0.01)
	4 th Quarter Ended December 31, 2022	3 rd Quarter Ended September 30, 2022	2 nd Quarter Ended June 30, 2022	1 st Quarter Ended March 31, 2022
(a)Revenue	\$7,047,509	\$7,936,073	\$5,475,186	\$4,205,175
(b)Net income(loss) for period	(\$926,227)	(\$84,902)	(\$408,638)	\$25,147
(c)Net income (loss) per share	(\$0.00)	(\$0.00)	(\$0.00)	\$0.00

The net losses in the quarters of fiscal 2023 and 2022 is mainly due to salaries and compensation expenses and campaign infrastructure expenses as these are the Company's largest cost categories in most quarters.

Financial Position

The net loss for the nine months ended September 30, 2023 of \$3,111,755 after adjustments for non-cash items and changes in other working capital balances, resulted in cash used in operations of \$196,787. During the nine months ended September 30, 2023, the Company used cash in additions to equipment and intangible assets, resulting in net cash used in investing activities of \$960,532. As a result, the Company's financial position weakened from the opening level of \$5,550,714 at the beginning of the period to the period-end level of \$4,471,689.

The net loss for the nine months ended September 30, 2022 of \$468,393 after adjustments for non-cash items and changes in other working capital balances, resulted in cash used in operations of \$143,046. During the nine months ended September 30, 2022, the

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Company used cash in additions to equipment and intangible assets offset by cash acquired on the acquisition of Gambit, resulting in net cash used in investing activities of \$655,757. During the nine months ended September 30, 2022, the Company received \$5,000,000 from proceeds from common shares issued from a private placement financing and \$121,312 from stock option exercises. As a result, the Company's financial position strengthened from the opening level of \$1,744,618 at the beginning of the period to the period-end level of \$5,535,297.

Liquidity and Capital Resources

At September 30, 2023, the Company had cash of \$4,471,689 and working capital of \$296,679 compared to cash of \$5,550,714 and working capital of \$2,949,563 at December 31, 2022. The Company's ability to continue as a going concern is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate positive cash flows from operations. Management is of the opinion that sufficient working capital is available and will be obtained from operations to meet the Company's liabilities and commitments as they come due for the next twelve months.

Off Balance Sheet Arrangements

None.

Related Party Transactions

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer, the Chief Technology Officer, the Chief Operating Officer, the Chief Revenue Officer, and the Chief Marketing Officer. The aggregate compensation paid, or payable, to key management personnel during the three months ended September 30, 2023 and 2022 were \$488,511 and \$234,395, respectively. The aggregate compensation paid, or payable, to key management personnel during the nine months ended September 30, 2023 and 2022 were \$1,196,027 and \$728,918, respectively. At September 30, 2023, \$4,119 was due to officers and directors (December 31, 2022 - \$34,265). The amounts due to related parties represent unpaid salaries and compensation and unpaid reimbursable expenses. The amounts are non-interest bearing, unsecured and have no specified terms of repayment.

Financial Instruments

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The carrying value of cash, accounts receivable excluding sales tax, due to related parties, accounts payable and accrued liabilities, and loans approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's consolidated financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable excluding sales tax. The Company places its cash with major financial institutions to limit risk from cash. The maximum exposure to credit risk is equal to the fair value or carrying value of the related financial assets. The Company's receivables consist of amounts due from customers. Some customers settle their accounts past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At September 30, 2023, the Company had \$116,200 (December 31, 2022 - \$22,000) in amounts due from customers greater than 90 days and during the period ended September 30, 2023 the Company recognized bad debt expense of \$nil (2022 - \$nil).

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. Management is of the opinion that sufficient working capital is available from its financings and will be obtained from operations to meet the Company's liabilities and commitments as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments..

Market risk

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

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's, obligations are not considered significant. A plus or minus 1% change in interest rates would affect profit or loss by approximately \$24,000 (2022 - \$21,000).

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2023, the Company held cash as well as accounts payable and accrued liabilities denominated in the Canadian dollar, European Euro, Swiss Franc, and Indian Rupee and considers foreign currency risk low. The majority of the Company's foreign currency amounts are held in Canadian dollars. A plus or minus 1% change in Canadian foreign exchange rates would affect profit or loss and comprehensive profit or loss by less than \$2,000 (2022 - \$5,000).

The following table summarizes the Company's exposure to the Canadian currency:

	September 30, 2023	December 31, 2022
Cash and cash equivalents	C\$ 642,048	C\$ 137,202
Accounts receivable	338,125	131,613
Accounts payable and accrued liabilities	<u>(1,082,165)</u>	<u>(752,312)</u>
Total	C\$ (101,992)	C\$ (483,497)

RISKS RELATED TO OUR BUSINESS

Liquidity and Capital Requirements

There can be no assurance that the Company will remain profitable and be able to maintain adequate liquidity or achieve long-term viability. Snipp's ability to meet its obligations in the ordinary course of business is dependent upon management and the Board's ability to maintain profitable operations and/or raise capital, as needed, through public or private debt or equity financing, or other sources of financing to fund operations.

The disruption of the capital markets and the continued decline in economic conditions, amongst other factors, could negatively impact its ability to achieve profitability or raise additional capital when needed. In order to optimize the growth of the business, Snipp may need to seek to raise additional debt or equity financing. There can be no assurance that we will be able to identify a source of such financing, or that such financing will be available on terms acceptable to it, if at all. Moreover, should the opportunity to raise additional capital arise, any additional debt or equity financing could result in dilution of the existing holders of Snipp common shares.

Complexities Stemming from Global Operations

Snipp operates in Canada, the United States, Ireland, Switzerland, and India. It runs its platform globally from these locations. This places demands upon the Company, management, and resources. Besides attracting and maintaining qualified personnel, employees or contractors, the Company expects to require working capital and other financial resources to meet the needs of its planned growth into global markets. No assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of the Company.

Acquisitions or other Business Transactions

Snipp may, when and if the opportunity arises, acquire other products, technologies or businesses involved in activities, or having product lines, that are complementary to its business. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies and products of the acquired companies, the diversion of management's attention from other business concerns, risks associated with entering new markets or conducting operations in industry segments in which Snipp has no or limited experience and the potential loss of key employees of the acquired company. Moreover, there can be no assurances that any anticipated benefits of an acquisition will be realized. Future acquisitions by Snipp could result in potentially dilutive issuances of equity securities, the use of cash, the incurrence of debt and contingent liabilities, and write-off of acquired research and development costs, all of which could materially adversely affect our financial condition, results of operations and cash flows.

Impact of Advertising and Competition

The promotions marketing industry is very dynamic with new technology and services being introduced by a range of players from larger established companies to start-ups on a frequent basis. Newer technology may render the Company's technology obsolete which would have a material, adverse effect on its business and results of operations. Snipp will be competing with others offering similar products. If Snipp's systems and technology fail to achieve or maintain market acceptance, or if new technologies are introduced by competitors that are more favorably received than the Company's technology, or are more cost-effective or provide legal exclusivity through patents or are otherwise able to render the Company's technology obsolete, Snipp will experience a decline in demand which will result in lower sales performance and associated reductions in operating profits all of which would negatively affect stock prices for the Company.

Snipp may also be required to collaborate with third parties to develop its products and may not be able to do so on a timely and cost-effective basis, if at all.

Information Technology, Network and Data Security Risks

The business of the Company faces security risks. Any failure to adequately address these risks could have an adverse effect on the business and reputation of the Company. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients.

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Reliance on Third Parties

Snipp relies on certain technology services provided to it by third parties, and there can be no assurance that these third-party service providers will be available to the Company in the future on acceptable commercial terms or at all. If the Company were to lose one or more of these service providers, it may not be able to replace them in a cost-effective manner, or at all. This could harm the business and results of operations of the Company.

Investment in Technological Innovation

If Snipp fails to invest sufficiently in research and product development, its products could become less attractive to potential clients, which could have a material adverse effect on the results of operations and financial condition of the Company.

New Laws or Regulations

A number of laws and regulations may be adopted with respect to mobile phone services covering issues such as user privacy, “indecent” materials, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Adoption of any such laws or regulations might impact the ability of Snipp to deliver increasing levels of technological innovation and will likely add to the cost of making its products, which would adversely affect its results of operations.

Retention or Maintenance of Key Personnel

There is no assurance that Snipp can continuously retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of the Company to operate.

Conflicts of Interest

Snipp has leased office space from a company that is affiliated with an officer/director of the company. The Board has reviewed this transaction and the terms are below market rates. Certain members of management of the Company will have other minor business activities other than the business of Snipp, but each member of management intends to devote substantially all their working hours to the Company.

Proprietary Rights Could Be Subject to Suits or Claims

No assurance exists that Snipp or any Company with which it transacts business, can or will be successful in pursuing protection of proprietary rights such as business names, logos, marks, ideas, inventions, patents, trademarks, trade secrets and technology which may be acquired over time. In many cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Lack of Control in Transactions

Management of Snipp intends to retain other companies to perform various services but may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of the Company may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

No Guarantee of Success

Snipp, as well as those companies with which it intends to transact business, have business purchases, advertising, and operational plans pending and is/are, therefore, subject to various risks and uncertainties as to the outcome of these plans. No guarantee exists that Snipp, or any company with which it transacts business, will be successful.

Possibility of Significant Fluctuations in Operating Results

Snipp's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital and market acceptance of its services.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that the Company will be able to reach profitability on a quarterly or annual basis.

Snipp has not arranged for any independent market studies to validate the business plan and no outside party has made available results of market research with respect to the extent to which clients are likely to utilize its service or the probable market demand for its services. Plans of the Company for implementing its business strategy and achieving profitability are based upon the experience, judgment and assumptions of our key management personnel, and upon available information concerning the communications and technology industries. If management's assumptions prove to be incorrect, the Company will not be successful in establishing its technology business.

Financial, Political or Economic Conditions

Snipp may be subject to additional risks associated with doing business in foreign countries.

Snipp currently operates within the United States, Canada, the United Kingdom, Ireland, Switzerland and the Middle East, and expects to do business in the future in South America and Asia too. As a result, it may face additional risks associated with doing business in those countries. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries Snipp may also be subject to such risks, including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, risks related to shipment of raw materials and finished goods across national borders and cultural and language differences. Snipp also may face competition from local companies which have longer operating histories, greater name recognition, and broader customer relationships and industry alliances in their local markets, and it may be difficult to operate profitably in some markets as a result of such competition. Foreign economies may differ favorably or unfavorably from the United States economy or Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects.

When doing business in foreign countries, the Company may be subject to uncertainties with respect to those countries' legal system and application of laws, which may impact its ability to enforce agreements and may expose it to lawsuits.

Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations in particular instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit our ability to enforce agreements with our current and future clients and vendors. Furthermore, it may expose us to lawsuits by our clients and vendors in which we may not be adequately able to protect ourselves.

When doing business in foreign countries, Snipp may be unable to fully comply with local and regional laws which may expose it to financial risk. When doing business in foreign countries, Snipp may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local needs to tax revenues and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require the Company to constantly modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of the Company to maintain compliance with the local laws may result in fines and fees which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operation.

RISKS RELATED TO THE COMPANY'S INTELLECTUAL PROPERTY

Protection of Snipp's Intellectual Property

Snipp's products utilize a variety of proprietary rights that are important to its competitive position and success. Snipp has been protecting its Intellectual Property through trade secrets and copyrights, but to-date not through patenting. Because the Intellectual Property associated with Snipp's technology is evolving and rapidly changing, current intellectual property rights may not adequately protect the Company. The Company may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or services, and protection that is secured may be challenged and possibly lost. Snipp generally enters into confidentiality or license agreements, and has confidentiality provisions in agreements with Snipp's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. Snipp's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its systems or services, which would result in a decline in its revenues and profitability.

Third Party Intellectual Property Rights

The Company could become subject to litigation regarding intellectual property rights that could significantly harm its business. Snipp's commercial success will also depend in part on its ability to make and sell its systems and services without infringing on the patents or proprietary rights of third parties. Competitors, many of whom have substantially greater resources than the Company and have made large investments in competing technologies or products, may seek to apply for and obtain patents that will prevent, limit or interfere with Snipp's ability to make or sell Snipp's systems or provide Snipp's services.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report, including, but not limited to statements in the “Description of Business and Overall Performance”, “Future Growth”, “Liquidity and Capital Resources” and “Previous Financing” sections which may contain the words “may,” “will,” “likely,” “project,” “aim,” “intend,” “plan,” “schedule,” “forecast,” “estimate,” “expect,” “believe,” “anticipate,” “should,” “would,” “could,” and similar expressions and statements related to matters that are not historical facts, constitute forward-looking information within the meaning of securities laws. Such forward-looking information, particularly with respect to the Company’s future plans, costs, objectives, or economic performance, reflects what we believe in good faith to be reasonable assumptions, expectations, and intentions, based on information that is currently available. Although we believe these underlying assumptions, expectations, and intentions to be reasonable, forward-looking information is not a guarantee of future performance, and involves risks and uncertainties, many of which are beyond our control and which may cause actual results, events, or actions to differ materially from those expressed or implied in such forward-looking information. These risks and uncertainties include, but are not limited to, changes in demand for and prices for the products of the Company or the materials required to produce those products, labor relations problems, currency and interest rate fluctuations, increased competition and general economic and market factors. The factors and assumptions that were applied in reaching the forward-looking information include, but are not limited to, the following assumptions:

- Continued demand for mobile marketing solutions;
- The successful execution of existing and planned projects;
- General economic and market factors to remain at current levels or become more favourable over time;
- The ability to retain key personnel and to have the necessary financial resources to continue operations

Although we have attempted to identify and describe above under the headings “RISKS RELATED TO OUR BUSINESS,” and “RISKS RELATED TO THE COMPANY’S INTELLECTUAL PROPERTY” important risks and factors which may cause actual results to differ materially from those described in any forward-looking information including those factors discussed in filings made by us with the Canadian securities regulatory authorities, there may be other risks and factors that cause results, events, or actions to differ materially from those anticipated, estimated, or intended. Accordingly, readers should not place undue reliance on forward-looking information contained in this report. Any forward-looking information contained herein is expressed as of the date of this report and, except as required by law, the Company does not undertake any obligation to update or revise such forward-looking information to reflect subsequent information, events, or circumstances.

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.