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**FIRST GLOBAL DATA LIMITED**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE THREE AND TWELVE MONTH PERIOD ENDED DECEMBER 31, 2017**

**Dated May 1, 2017**

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**Disclosure Regarding Forward-Looking Statements**

This Management's Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets.

**MANAGEMENT DISCUSSION & ANALYSIS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016****Notice to Reader**

Management has compiled the Audited Financial Statements of First Global Data Limited, ("First Global", the "Corporation". or the "Company") consisting of the Condensed Consolidated Interim Balance Sheet as at December 31, 2016 and the Condensed Consolidated Interim Statements of Comprehensive Income, Changes in Equity, and Condensed Consolidated Interim Cash Flows for the period ended December 31, 2016. All amounts are stated in United States Dollars unless specified.

The following Management Discussion and Analysis ("MD&A") of First Global's financial condition and results of operations, prepared as of December 31, 2016, should be read in conjunction with the Consolidated Audited Financial Statements of the Company for the period ended December 31, 2016 which are incorporated by reference herein and form an integral part of this MD&A.

Our MD&A is intended to enable readers to gain an understanding of First Global's current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current period to those of the preceding year. We also provide analysis and commentary that we believe is required to assess the Company's future prospects. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on future prospects. Readers are cautioned that actual results could vary.

**Cautions Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking statements, which reflect management's expectations regarding the Company's results of operations, performance, growth, and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. Wherever possible, words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances,

except as required by law.

Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency exchange rates and technology changes. More detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the "Quantitative and Qualitative Disclosures of Market Risk" section of this MD&A. Unless otherwise indicated, all references to "**Dollar**" or the use of the symbol "\$" are to the US Dollar in this Management's Discussion and Analysis (the "**MD&A**").

The preparation of the financial statements are in conformity with International Financial Reporting Standards ("**IFRS**") and requires management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the financial statements and reporting amounts. First Global Data Limited (the "**Corporation**") bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ and will most likely differ from those estimates.

#### **OVERVIEW OF FIRST GLOBAL DATA LTD.**

First Global is a technology company which operates in the payments sector. Services include consumer-to-consumer money transfer, which are provided under the First Global Money™ brand and Online and Mobile Payments which are provided under the PayQwik brand. The money remittance service enables a person to send money from one country to a beneficiary in another country securely and in compliance with regulatory guidelines. The service also enables a person to send money to a beneficiary domestically within the same country. The online and mobile payment service enables a person to make payments for products and services via their mobile phones and/or through the web portal. First Global believes, and has observed that the payments industry is evolving in a significant way and that the future of payments is shifting to online and mobile platforms with a defined focus on the fintech market.

This includes payments which will facilitate money transfers, deploying an integrated ecosystem and marketplace to offer services in a market catering now to the banked, unbanked and underserved. This is a paradigm shift has been created by a global demand from an underserved demographic that has become much more technologically savvy and demanding digitized fintech services where Software as a Service (SaaS) and Payment as a Service (PaaS) are being utilized in this new paradigm.

The long term objective for First Global is to have all payment services it offers available via a consumer's mobile phone and via the internet with a global focus on fintech/Quasi Banking services.

First Global's customers are the users of the Digital Wallet (Online and Mobile) that leverage the ecosystem and marketplace made available on the Mobile and Online and are also senders and receivers of money, and persons comfortable using electronic platforms (online and mobile) to facilitate transactions. For the money transfer service, First Global's primary customers are expatriates and migrant workers in Canada and the United States who send money to their countries of origin. Other customers of First Global include individuals without traditional banking relationships, traditional bank customers who prefer the speedy and convenient

mobile and online service which generally provides better foreign exchange rates, lower cost, convenience and ease of use.

The company has made a significant push to deploy an Integrated Digital Wallet and Money Remittances Platform that complies to local and international regulations and uses a global cross border compliance engine as a differentiator.

These efforts has led to a major launches in India with Vijaya Bank and strategic partners with announcements made to launch the company North America, Bangladesh, Ethiopia, with other initiatives in the pipeline in Europe, Asia, Africa and Latin America.

First Global currently accepts funds primarily from customers in India, Canada and the United States. Currently, funds are accepted at storefronts (in the form of cash or via point of sale devices (POS)) and online via electronic funds transfer and checking services. Through its electronic transaction infrastructure, First Global is currently able to dispense such funds to approximately 70+ countries worldwide via direct integrations with banks in those countries and also third-party agent and partner network. First Global intends to place increased focus on growing its online and mobile payment capabilities and expects these electronic payment services to lead the future growth of the Company.

First Global's technology platform allows it to deliver monies to the destination point quickly and in full compliance with legislative and regulatory guidelines. The platform is an account based system which enables all customers to have an account with First Global. This system establishes a relationship between First Global and its customers, and enables customers to access a variety of other services which will be offered by First Global in the future.

The First Global technology platform stores information provided by various regulatory bodies on suspected money launderers and terrorist financiers. In the USA, this information is published by the Office of Foreign Asset Control (OFAC) and in Canada by the Office of the Superintendent of Financial Institutions (OSFI). The First Global technology platform also stores information provided by other regulatory bodies all of which are designed for the prevention of Terrorist Financing and Money Laundering. These databases are checked every time a customer transacts with First Global and if there is a match, certain actions take place to validate the customer's identity and/or block transactions and/or notify the regulatory authorities.

The First Global technology platform also provides dynamic foreign exchange (FX) services, whereby the system gathers Foreign Exchange from multiple providers, and presents customers with a rate they would receive when sending monies from one currency to another. The compliance function also provides for the implementation of regulatory rules from each of the countries in which the Company operates.

The First Global technology platform is able to deliver internet based transaction processing and is mobile ready. All of these features have been built on a single technology core which enables the Company to grow rapidly by evolving and adding new services, facilitating additional revenue streams.

**FOCUS ON COMPLIANCE**

FGD is licensed as a Money Service Business (“MSB”) by national regulator FINCEN and at the State level by the Departments of Financial Institutions in the USA, by FINTRAC in Canada, and by other regulatory bodies around the world.

This enables FGD to provide payment processing and other money services to consumers and business in Canada, the USA and across the globe.

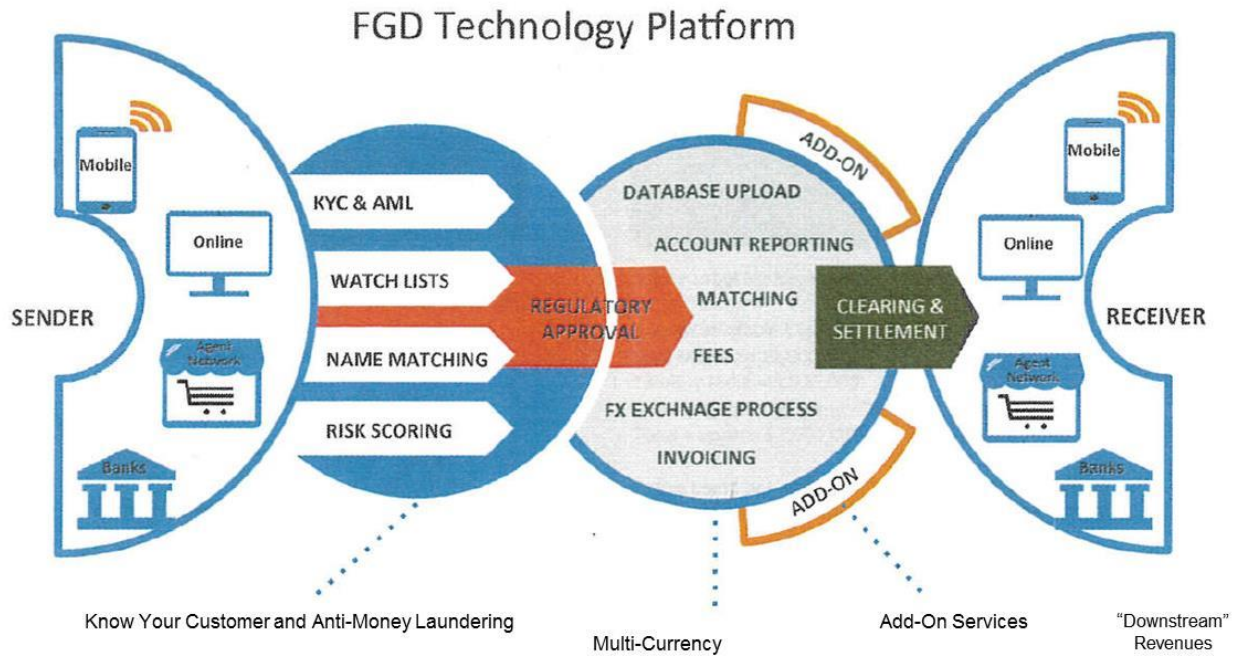
FGD is audited on an annual basis by independent Anti-Money Laundering and Anti-Terrorist Financing auditors and by federal and state Financial Services and Banking authorities to ensure compliance with Anti-Money Laundering and Anti-Terrorist Financing rules and regulations.

Each member of the FGD Board of Directors and the Executive Management had to pass rigorous background checks which included FBI screening and background checks before being licensed. These investigations included providing fingerprints and a comprehensive set of personal information, all of which were used to validate the identity, background and history of these principals. The principals of FGD were also investigated by the Toronto Stock Exchange in 2012 as one of the necessary criteria for becoming listed on the Toronto Stock Exchange.

FGD’s technology and payment solutions are designed to ensure that they comply with all regulatory guidelines including Anti-Money Laundering, Anti-Terrorist Financing, Consumer Privacy, Data Protection and Security. This includes dynamically checking the different Watch Lists globally. The Platform also has the unique capability to enhance fraud setting based on a country/city/town/village/municipality hierarchy. It also has the capability to conduct Address and ID verification, Micro deposits verification for Bank Accounts deposits. The Platform has the capability to also establish additional Watch Lists that meet different criteria and also the ability to integrate into any credit database and other such database that could be used to produce enhanced compliance.

FGD adopted an approach of automating the majority of the day to day compliance requirements by building it into our technology platforms. FGD’s automated compliance engine provides the ability to easily customize compliance metrics, controls and procedures on a region by region basis.

**FOCUS ON TECHNOLOGY**



• **FOCUS ON A FINTECH STRATEGY**

The focus of company is to deploy the Money Transfer and Integrated Digital Wallet Platforms globally with the intent to Rollout our Digital Wallet (Online and Mobile) Platform to allow for the Banked and Un-Banked to use the services and features of the Platform.

• **International and Domestic Remittances (Agents/Online/Mobile)**

Including International and local Bill Payments and Mobile Phone top-ups.

• **Online and Mobile Payments – Digital Wallet**

FGD is actively deploying its PayQwik International and Online and Mobile payment networks in various countries round the world:

- Establish the first Interoperable Global Wallet
- Integrated Global Compliance engine
- Globally Integrated payment features
- Multi-Currency Wallet
- E-Commerce and M-Commerce Marketplace
- Global and Local Ecosystem
- Tap and Pay with Mobile POS (MPOS)
- Integration to NFC Devices and Cards
- QR Codes and QR Pay
- Beacon Technology
- Digital Content

**Online and Mobile Payments – Digital Wallet (Cont'd)**

- Peer-to-Peer Lending focusing of Micro-Finance
- Integrated to the Financial Infrastructure
- Cross Border Transactions
- Loyalty and Rewards
- Integrated Loyalty/Rewards connected to Merchant Networks
- Intelligent Coupons
- Integrated Card Platform

**DEVELOPMENTS**

- First Global successfully launched its PayQwik mobile payments service in India. The India market is one of the largest in the world and also one of the fastest growing for mobile payment services and had set the benchmark for innovation in the Digital Fintech space. First Global has created an ecosystem and marketplace in India which enables clients to load their mobile wallet ("cash in") electronically via interconnection to banks, through the credit and debit cards; to purchase and make payments through NFC devices and cards and QR Pay throughout India through the integrated merchant network at various merchants for goods and services; and to "cash out" or offload their monies from their PayQwik Digital Wallet. First Global continues to increase "cash in" capabilities by adding physical load locations which will allow customers to load value to their PayQwik mobile wallets at various load points across India. In India, e-commerce and m-commerce is growing rapidly in India. E-commerce is estimated to be worth over \$100 Billion by 2020 and \$19 Billion by 2019 for m-commerce.
- With the recent demonetization of the currency in India and a move towards a more electronic means of making payments, there has been a significant increase in the demand of Digital Wallets and with the deploy with a Govt. Bank, First Global continues to see an uptake, which will continue in the coming months.
- The launch of the Bharat QR Code across in India and additional strategic integrations to an already feature rich ecosystem.
- The company continues to partner with Banks in India to rollout the Digital Wallet and acquire customers and is in the process of launching a couple of additional initiatives.
- The company is in the process of expanding the Digital Wallet in Canada and the US as well Asia, the Caribbean, Latin America and Africa and the GCC with well-established partners in these regions. These launches connected to one integrated backend will allow the company to realize its strategy of a Multi-Currency Interoperable Digital Wallet that has the capability of going Cross Border.
- The Company has integrations with over 50 banks, credit card and debit card networks in India alone. The ecosystem is comprised of merchants such as travel agencies, utility companies for bill payments, mobile companies for mobile top-ups, coupon, beacon technology, smart chat on application to allow for payments, peer-to-peer lending, ticketing and others.

One of First Global's competitors in India was funded by a China based e-commerce shopping site in

the amount of US\$635M+ which enabled the Indian mobile wallet provider to achieve a valuation of over US\$8 Billion. First Global intends to similarly pursue the GCC, Asia, North America, China and African markets via partners to grow its base of registered users and to increase revenues and enterprise value.

- First Global has completed the necessary integrations to online money and mobile money transfer and continues to conduct trials of the service in Canada and the US under its brand "First Global Money". The Company has launched its Canadian services and now looks to extend the Online to countries globally with the Mobile soon to follow from both countries. Once this has been accomplished, the integrated, compliance driven, multi-currency wallet will be an industry leading, cutting edge platform that operates seamlessly globally.
- The company further intends to expand its services into the USA by Q2 2017. This online and mobile service deploy is intended to be the first phase of the evolution of First Global services to more electronic media, namely online and mobile. First Global intends to introduce its mobile payments service in Canada Q2 2017 as well and shortly thereafter in the USA.
- The company has made significant strides in integrating its Mobile Wallet Platform with the Mobile Money Transfer and Payments to allow for Mobile International Money Transfers and Payments, while at the same time allowing for P2P Payments and P2P Money Transfers within Canada and the US.
- First Global has gained traction as one of the leading Digital Wallets in India and has recently been recognized as one of 50 fastest growing Fintech company in India by Silicon India. The Company is focused on making significant inroads with banks and other major companies in India and is in the process of several other launches at the Bank and State levels.
- The Group is currently approved to conduct money transmission services in the US and has 21 MSB Licenses and has submitted new MSB applications in the US with the intent of securing all 50 State licenses.
- The company has recorded increased revenues and operating profitability due to addition of licensing territories using the FGD Proprietary Platform. This initiative has continued to be very lucrative to company and has been instrumental generating the operating profits. With the growth strategy of continuing to expand territories with partners in Africa, Asia, Caribbean, Latin America and with the company own launch in North America.

## FOCUS ON GROWTH

- The Company has adopted the strategy of licensing territories to established partners using the First Global Platform as an added line of business. This is being driven by the demand and need for the technology the company has developed which has allowed the company to close a number of deals globally.

This has taken on an added dimension where Fintech services, Fintech as a Service (FaaS) has now become a critical focus for First Global and one which the company has embraced. This is being reflected in the launches globally and in the feature set on the Digital being deployed.

- The Company continues to expand its line of business to include “White Label Solutions” for companies as well as to develop Mobile Apps that will ride on the First Global Payment infrastructure. This will create a new dimension to the company which will enable companies in countries where First Global is operating or plans to operate to monetize their mobile apps.
- The Company continues to also concentrate to close deals and is in the process of launching the in Nigeria, Tie-up with major companies in China, Ethiopia, The Caribbean, Panama, Colombia, Bangladesh and other countries, with strategic partners that have committed to putting up the capital to launch the platform for operations. This strategy has been developed to allow the Company to expand while at the same time secure the necessary capital for global growth.
- The company is also in discussions to launch the Wallet with two additional Banks in India that will give First Global access to millions of customers.

**FOCUS ON CAPITAL RAISE**

- In order to address the Company’s capital needs, the company continues to focus on raising capital. Some current initiatives include the following:
  - Working with the current investor base to raise additional capital. The company has completed private placement of CAD \$3,000,000 during the year and has subsequent plans for an additional capital raise of \$10M.
  - Working with established relationships in the large Capital Markets Centers to identify the Funds that First Global fits into their criteria for investment.
  - Continue to go the markets where First Global has strategic partners and continue to launch the First Global platform by leveraging these relationships much like what we are doing in India.
  - Execute on a Capital Markets Plan.

**TECHNOLOGY STRATEGY**

- A significant focus for First Global historically has been the development of its core software. The software core is the basis around which the Company has been able to deliver services and generate revenues and profitability. The core software facilitates all First Global services including Online and Mobile payments, which are the future for First Global.
- A key focus for the Group is to deliver services which are compliant with regulatory guidelines. The software core protects the business by electronically screening for and taking active measures to prevent terrorist financing and money laundering, which is a key differentiator in the payments sector.
- The compliance core is central to operating a Global Interoperable Wallet Platform successfully in full compliance with local and international regulations. This unique ability for First Global to achieve this separates the company from the competition.

- The Group's major objective is to be a dominant player of global, multicurrency, portable mobile payment services using the Technology Platform to deliver the following:
  - Digital Wallet (Online and Mobile) to allow for the Banked and Un-Banked to use the Fintech services and features of the Platform.
  - Integration into the POS Network.
  - Established funding methods to load the Wallet locally and internationally.
  - Offer a Multi-Currency Interoperable Wallet that would work seamlessly.
  - Use of the Wallet to make in store payments directly or payments at merchants.
  - Launch QR Codes and QR Pay with Merchant and Sub Merchant Apps.
  - Merchant Network to make payments easier. This will enable Merchants that are not part of the Jets Network to become part of the Banking Infrastructure.
  - Integration to Beacon Technology to allow for Call to Action through the Mobile.
  - Block Chain focus.
  - Financial Services.
  - Network of Cash-In and Cash-Out Network.
  - Allow for Currency Exchange on the Wallet.
  - Integrated compliance and credit reference to allow for Micro Finance loans and other secure products.
  - Integration to Card Products. This will allow the recharge of Prepaid Card and Debit Cards with Credit Lines to be loaded through the Wallet.
  - Integration to Remittances (Agent, Online and Mobile) and Global Correspondent Network.
  - Build a local and international ecosystem for customers to use:
    - Offer Comprehensive Merchant Services (Online and Mobile).
    - Offer Comprehensive Bill Pay (Local and International).
    - Offer Airtime Top-Up (Local and International).
    - Insurance
    - Loans
    - Tickets (Movie, Bus, Airline, Events)

Build a local and international ecosystem for customers to use: (Cont'd)

- Donation
  - Taxes
  - Govt. Payments
  - Tuition Payments
  - Gas Station Payments
  - Telco Payments (Any Service)
  - Card Payments (Prepaid, Credit Cards, Recharge Cards)
  - TV and Entertainment
  - Newspaper and Magazine
  - Games
  - Books
  - Other relevant services.
- Establish and deploy an E-Commerce and M-Commerce Marketplace. Receipt sent to warehouse for delivery (automatic). Ideal for Shopping Marketplace.
  - Launch a Digital Content Marketplace.
  - Loyalty and Rewards feature where Cash-back is given.

**Selected Financial Information**

The Company was incorporated on July 28, 1986 and has a December 31 fiscal year end.

Twelve months period ended	December 31, 2016	December 31, 2015
Revenues	6,423,614	895,560
Other Income	-	2,137,740
Comprehensive loss	-476,950	-5,074,829
Loss per share	-0.004	0.04
Total assets	6,885,513	3,397,320
Working capital deficiency	-4,519,478	5,702,962
Cash from operations	-241,716	-3,750,637

**Revenue**

- Revenue for the twelve months ended December 31, 2016 increased to \$ 6,243,614 versus \$895,560 in 2015, a growth of \$ 5,348,054 from the previous year. The increase in sales was due to the following major contributing factors:
  - a) In 2016, the growth of Service Provider Technology License revenues in Canada was \$5.772 million over the previous year.
  - b) Wire Transfer Revenues reduced by \$31,039 thousand compared with the previous year primarily due to the fact it took a while to restart the acquiring of transactions after a won year in 2015.

These transactions represent a significant source of revenue for the Company. They are still available and First Global is working on additional capital and banking relationships to allow the company to resume business to these markets on a selective basis and enhanced compliance which the First Global platform can manage.

- c) The voluntary surrender of the Company's California state money transmitter license will remain in tact until such time as it is able to inject an adequate amount of capital to support its business in the state of California. This action, while it has caused a significant drop in transaction revenues, has been offset by the gain in license revenues. The company has also filed applications to the balance of US States to secure the additional MSB licenses.
- d) The Company will continue to focus on generating license revenues, revenues from white labeling the platform and expanding the payments services locally and internationally,

Additionally, for First Global, the transactions are there to resume and grow, and with the securing of the requisite capital to inject into the operations, the company has resumed in an aggressive way the money remittance business.

- As a result of significant historical write offs of receivables, the Company made a decision to terminate many of its low performing and/or high risk Agents. In 2016, this policy has continued and additionally the company had put into place a very rigid and focus process to reduce and eliminate bad debt which has proven to be very successful.

Agents are physical locations in which there is high foot traffic of target demographics for the Company's money transfer services. The voluntary termination of these Agents contributed to the reduction of revenues. Gross margins increased significantly not only from prior quarters but from the previous year due to the shift in the revenues the Company was able to achieve. This shift will continue while at the same time, the company continues to rebuild and refocus the traditional money transfer business

- The Company intends to focus on increasing transaction volumes and revenues in 2017 and following years. First Global intends to achieve this objective by:
  - a) Reviving services in the State of California and Texas
  - b) Implementing stricter standards on Agencies including increased credit limits, electronic banking and the use of armored car for more frequent collections of funds, which has proven to significantly lower risk
  - c) Adding back transaction volumes to the African corridors
  - d) Opening other markets from the USA to the Philippines and Asia
  - e) Originating transactions from the other underserved US states in which the Group is licensed
  - f) Introducing online and mobile money transfer services in Canada and the USA
  - g) Focusing on the Canadian, UAE and European markets
  - h) Increasing transaction volumes from its PayQwik service globally
  - i) Expanding PayQwik and white label versions of PayQwik to North America, specifically Canada as a first phase with Colombia, Bangladesh, China, Ethiopia, and UAE as a second phase.
  - j) Hiring and enhancing the sales team. Working with key strategic partners to license the company's technology globally with the intent of establishing a global interoperable wallet.

#### **Cost of Services consists of Agent and Correspondent Costs.**

##### **Cost of Services**

Agent and Correspondent Costs for the year ended December 31, 2015 was \$ 222,970 versus \$ 254,801 for the preceding year, a decrease of \$ 31,836 due to a decrease in the volume of remittances to all markets.

Indirect Cost consists of the following major expense sub categories: selling, general & administrative expenses, travel and promotion, legal and accounting, office and general expenses, rent and maintenance, salaries and related costs, interest on borrowed funds and amortization of equipment and intangible assets.

Expenses

Particulars	Twelve months ended December 31, 2016	Twelve months ended December 31, 2015
Salaries and Consultants	3,496,894	2,443,050
Selling, General and Administrative Expenses:		
Sales and Marketing	67,970	71,819
Travel and promotion	165,842	157,858
Legal and accounting	259,134	290,572
Bank charges	144,921	141,798
Insurance	58,457	96,117
Rent and maintenance	283,527	376,235
Telephone and communication	75,888	128,031
IT Expenses	22,344	32,624
Business subscriptions and licenses	127,773	148,818
General operating expenses	544,263	524,064
Interest on notes payable and other finance	996,259	1,710,774
Write down of subscription receivable	-	2,236,806
Amortization of property and equipment	45,473	57,448
Amortization of intangible asset	215,712	223,976

Below are major categories of selling, general and administrative expenses.

**Salaries, consulting and related costs:**

Corporate staff includes finance, marketing, customer service, corporate administrative staff and consultants. Salaries and related costs for the twelve months ended December 31, 2016 were \$3,496,894 which increased by 43% compared to 2015. The increase was primarily attributable to the accounting valuation of stock options issued to three executives during the year. The company issued 9 million options of which 3.25 million options vested immediately. Expense related to the vested options is \$957,560 in 2016 compared with \$ 90,489 in 2015. The company has secured the services of a professional independent compliance organization which is tasked with maintaining, managing and increasing its US state licenses.

**Selling, General and Administrative Expenses**

Major categories of selling, general and administrative expenses are described in the sub-categories below.

**Sales and Marketing**

The Company continues to spend appropriately on Sales and Marketing. Expenses of \$67,970 represent a decrease of 5% over the same period in 2015. This was a result of the reduction in transactions during the year.

**Travel and Promotion**

The Company continues spend appropriately on Travel and Promotion. Expenses were \$165,842 an increase of 5% over 2015. Increase in travel is in line with increased efforts by the management to expand globally and to increase licensing revenue.

**Legal and Accounting**

Legal and Accounting for the twelve months of 2016 was \$251,134 which saw an decrease from \$ 290,572 compared with the previous year. The company prudently managed expenses relating to legal and accounting costs in during the year which is primarily attributed to maintaining, managing and increasing its US state licenses and negotiating new contracts.

**Bank Charges**

Bank charges for the period ended December 31, 2016 were \$ 144,921 a decrease of 2% over the same period in 2016. The increase is minimal and represents the level of licensing and other banking transaction during the year. These efforts are now starting to bear fruit as the Banking is now being resolved.

**Insurance**

Insurance for the period was \$ 58,457 compared to \$ 96,117 in the previous year. This decrease was due to savings in workers' compensation insurance in United States. The company negotiated a new and cost-effective insurance arrangement resulting in the savings.

**Rent and Maintenance**

Rent and Maintenance for the twelve months ended December 31, 2016 was \$ 283,527 compared to \$376,235 for the year 2015. During the year, the company moved its head office to a different floor in the same building and sub-let the existing space, resulting into overall cost savings for the company. The Company continues to manage the expenditures ensuring that tight and prudent management is practiced.

**Telephone and Communication**

Telephone and Communication for the twelve months ended December 31, 2016 was \$ 75,888 which was a reduction of 41% as compared to the same period in 2016. The Company continues to manage the expenditures ensuring that tight and prudent management is practiced. The decrease was due mainly to the reduction of expenses relating to long distance calling.

**Interest on notes payable and other finance**

Interest on Borrowings for the period ended December 31, 2015 was \$ 996,259 compared to \$ 1,710,774 in same period in 2016 a decrease of \$ 714,515. This was due mainly to the assignment of Dynamic Series A and B debentures and conversion of other long term debts into equity in 2015. The company continues its efforts to reduce the level of debt in the balance sheet.

**Amortization of property and equipment**

Amortization of property and equipment for the twelve months ended December 31, 2016 decreased from \$ 57,448 to \$ 45,473 due to assets being written off in December 2016.

**Amortization of Intangible Assets**

Amortization of intangible assets decreased from \$ 215,712 in the twelve months period ending December 31, 2016 compared to \$223,976 in the same period in 2015. The decrease was as a result of lower book values of the assets compared with last year as no major additions were made during the year.

**Total comprehensive loss:**

The Company's total comprehensive loss for the first twelve months ended December 31, 2016 decreased to \$477,704 as compared to a loss of \$ 5,074,829 for the year ended December 31, 2015. The decrease in comprehensive loss was due primarily to the increase in revenues from International Special Purpose License.

## Quarterly Results

Period	Three months ended December 31, 2016	Three months ended September 30, 2016	Three months ended June 30, 2016	Three months ended March 31, 2016
Revenue	\$2,832,993	\$1,112,116	\$1,183,098	\$1,115,407
Net comprehensive earnings / (loss)	(\$430,860)	\$90,292	\$438,356	\$316,247
Earnings per share	(\$0.008)	\$0.001	\$0.003	\$0.00

Period	Three months ended December 31, 2015	Three months ended September 30, 2015	Three months ended June 30, 2015	Three months ended March 31, 2015
Revenue	\$591,351	\$59,131	\$62,379	\$182,699
Net comprehensive loss	-\$1,700,247	-\$955,678	-\$1,890,751	-\$527,008
Earnings per share	-\$0.014	-\$0.0060	-\$0.0160	-\$0.004

The critical elements from the Chart above is to clearly demonstrate the following:

1. The Q4 2016 Revenues were significantly higher compared to prior Quarters in 2016 which is reflects the continued financial recovery of the company.
2. The company made positive comprehensive income for first three quarters of the year. The comprehensive loss in fourth quarter is primarily resulting from recognition of stock options expense.
3. If First Global can continue to deliver on the diversification of revenues into Licensing Revenues and Payment as we move the traditional Money Transfer onto Mobile and Online, the future is very bright for the company.
4. The move towards diversification will increase margins and profitability.
5. The continued expansion to India, Bangladesh, North America and other countries will only serve to increase revenues.
6. Maintain the growth into 2017.

**Liquidity and Capital Resources**

As at December 31, 2016, the Company had cash and cash equivalents of \$ 2,143,057 compared to \$ 318,843 at December 31, 2015. Trade and Agent receivable of \$ 2,329,502 were outstanding at December 31, 2015 compared to \$ 837,097 as at December 31, 2015, due mainly to major licensing sales in the last quarter of 2016. Most of receivables relating to licensing revenue were collected subsequent to the year-end. Total current assets amounted to \$ 6,368,641 (December 31, 2015 - \$ 2,660,056) with current liabilities of \$ 10,888,119 (December 31, 2015 - \$ 8,363,018) resulting in a negative working capital balance of \$ 4,519,478. The company generated a positive cash flow of \$1,885,291 before working capital changes in 2016 compared with negative cash flow of \$3,750,637 in 2015.

For the year ended on December 31, 2016, the companies concluded following financings transactions.

- (a) On December 5, 2016 the Company completed a private placement of units of stock with investors for CAD\$3,000,000 at an issue price of CAD\$0.10 per Unit. Under the terms of the placement each Unit comprise one (1) common share and one (1) share purchase warrant. Each whole warrant entitles the holder to acquire one common share in the capital of the Company at an exercise price of CAD\$0.20 per share for a period of thirty six (36) months from the date of issuance. The net proceeds of the offering will be used for general working capital and float. Proceeds from the Offering will be used to fund the Company's continued expansion of its mobile payment service in target markets around the world, and for general working capital.

In connection with the private placement, the Company paid commission and other expenses of CAD \$262,859 to an arm's length third parties. In addition to the commission, the Company issued an aggregate of 2,01,000 broker warrants to the arm's length third party. Each Broker Warrant entitles the holder thereof to acquire one (1) common share in the capital of the Company at an exercise price of \$0.25 per share for a period of twenty four (24) months from the date of issuance.

- (b) On 19 December 2015, the company agreed to issue a convertible debenture of CAD \$992,384 (the debenture) to an arm's length third party. The amount represented the principal amount a previously issued convertible debenture (original debenture), a note payable and unpaid interest owed to the third party. During the year, the company cancelled the conversion of the debenture. The original debenture expired on 21 October 2016. The liability, including unpaid interest, remained outstanding as of the date of these financial statements. Subsequent to the year-end, the company settled part of the liability in cash.
- (c) On 7 December 2016, the company approved an aggregate number of 9,000,000 stock options. The stock options were granted to three directors and officers of the company. The options have an exercise price ranging from CDN\$0.45 per common share to CDN\$0.55 per common share and expire on December 06, 2021. Options aggregating 4,250,000 vested immediately. The remaining options will vest over a period of two years.

- (d) The company had agreed to issue 4,377,505 common shares and 1,250,000 common share purchase warrants to various arms length third parties in 2015 against an aggregate amount of CAD \$312,113. The shares and warrants remained unissued during the year. In 2016, the company agreed to issue 150,000 shares and 150,000 share purchase warrants to one of the parties which represented 3,000,000 of the 4,377,505 shares agreed to be issued in 2015 and \$150,000 of the aggregate amount of CAD \$312,113. The company did not receive the stock exchange's approval of the arrangement till the date of these financial statements. The aggregate amount has been classified as a liability in the financial statements.

The Company has clearly demonstrated that while it has incurred significant losses over the years, the strategy, focus and future direction of the company will allow the company to move towards profitability. The Company also plans on raising additional equity through private placement, and is well on its way to achieving this at some point in the future as business and market conditions permit, in an effort to finance its growth plans and expansion into new international markets. The Company has been successful in raising adequate working capital in the past and will continue to do so.

The fact that the company has launched the India operations, where the value of companies in the digital wallet space in India are driving significant enterprise values will allow First Global to leverage this and leverage the fact that the Indian Entity is starting to contribute revenues to the company will make it easier for the company to raise capital for growth. Added to this, the growth of the company in other countries will further add to that ability. The critical factor would be the continued expansion of the company globally, which is primarily dependent on execution.

These incurred losses over the years do, however, raise doubt about the Company's ability to continue as a going concern but taken in the context of trying to achieve a Global Interoperable Wallet with multiple global launches and being a technology company in this space and also comparing to other players in the Global Marketplace, First Global is considered to be well positioned.

The ability of the Company to continue as a going concern is dependent upon raising additional financing through the issuance of equity, debt financing, sales contracts and distribution agreements. The outcome of these matters is partially dependent on factors outside of the Company's control. The company however continues to rollout its platform in various countries with a concentration on India, North America, Africa and Latin America.

Despite this concern, the company has however established itself as a FinTech Company with significant upside by developing and leveraging its Core Software Platform to deploy Online and Mobile Remittances and Online and Mobile Payments globally. FinTech companies are being highly valued and are currently able to secure significant amounts of capital from the global investment community. The Group continues to be in active discussion with various parties with interest to provide the requisite capital.

**Balance Sheet Variations****Current Assets**

Current Assets which includes cash, trade and agents receivables, other receivables, and prepaid expenses increased by \$ 3,708,585 as of December 31, 2016 as compared to the current assets as of 31 December 2015. The increase is due cash received from license sales and receivable relating to the sales transaction concluded in fourth quarter of 2016.

**Non-Current Assets**

Non-Current Assets which includes Property, Plant and Equipment; Licenses and Software decreased by \$ 220,392 from the end of the same prior in 2015. The decrease is primarily due to the amortization of intangibles and other capital assets.

The Company did not make any significant investments in capital assets in the twelve months of 2016. However, the Company completed enhancements to the technology platform and this will enable the Company to leverage on this asset to generate future revenues and growth.

**Current Liabilities**

Current liabilities which includes accounts payable and accrued liabilities and notes payable; increased by \$ 2,525,101 from the end of the previous year. The increase is due primarily to the current classification of Finsec loans. These loans were classified in as non-current in the previous year.

**Non-Current Liabilities**

Non-Current Liabilities only includes borrowings. Non-current liabilities decreased by \$ 1,256,873 from the end of 2015. The decrease is change in classification of Finsec loan and Series G debentures.

**Capital Resources**

The Company, in order to finance future developments and expansion may seek to raise additional funds until such time as cash flow from its operations and acquisitions are sufficient to fund internal growth. The timing and ability of the Corporation to fulfill this objective will depend on the liquidity of the financial markets, as well as the willingness of investors to finance such a business. Such future financing may be completed by the issuance of the Corporation's securities. To this end, in order to address the Company's capital needs, the company continues to focus on raising capital though bought debt and equity and includes the following:

- Working with the current investor base to raise additional capital.
- Working with Board of Directors to leverage their Network to raise capital.
- Work with established relationships in the large Capital Markets sector to identify the funds that First Global fits into their criteria for investment.

**Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

**Transactions with Related Parties****Due from related party**

The Company has the following transactions with related parties:

	<b>2016</b>	2015
Fees included in selling, general and administrative expenses		
Management service fees to companies owned by directors and officers	<b>141,357</b>	117,010
Management services provided by a director	<b>113,582</b>	105,990

All transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the year end, amounts outstanding with related parties are:

	<b>Note</b>	<b>2016</b>	2015
Due to companies owned by directors	a	<b>631,281</b>	452,323
Due to directors		<b>376,965</b>	182,150
Due to Finsec	c	<b>2,072,400</b>	2,762,459
Due to shareholders	c	<b>890,042</b>	1,868,930
Due from company controlled by directors		<b>135,925</b>	131,855

- a. These balances are payable on demand. The accounts payable and accrued liabilities amounts have arisen from services rendered and the due to shareholders are loans provided to the Group by the shareholders of the Group. A director of the Company is a shareholder of Finsec and, as a result, Finsec is a related party.
- b. Key management compensation comprised of salaries, for the period was \$ 254,939 (2015: \$ 223,000). Nil (2015: \$ 107,538) is recorded in accounts payable and accrued liabilities.
- c. Salaries and related costs include and amount of \$ 957,560 share based compensation (2015: \$ 90,489).

During the, the company approved an aggregate number of 9,000,000 stock options. The stock options were granted to three directors and officers of the company. The options have an exercise price ranging from CDN\$0.45 per common share to CDN\$0.55 per common share and expire on December 06, 2021. Options aggregating 4,250,000 vested immediately. The remaining options will vest over a period of two years.

**Subsequent Events**

- A. The Company closed a non-brokered private placement in March 2017. The Company issued an aggregate of 14,290,359 units at a price of CAD 0.70 per unit for aggregate gross proceeds of CAD 10,003,251.

Each Unit is comprised of one (1) common share in the capital of the Company and one Common Share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD 0.90 per share until March 22, 2020 - the Warrant Expiry Date.

The Company issued a Press Release on March 24, 2017 explaining this matter in further detail.

- B. In April 2017, the Company has proposed to convert Debt amounting to CAD 2,315,836 into equity. The terms and conditions for this conversion are yet to be approved by the Board of Directors and subject to regulatory approval of the Toronto Stock Exchange (TSX).

**Critical Accounting Estimates**

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Corporation's accounting policies are described within the financial statements. The accounting estimates considered to be significant to the Company include the computations of agents' warrants value, charitable stock option and stock-based compensation expense and recovery of future income tax assets.

**Changes in Accounting Policies**

The Company made no significant changes to its accounting policies in 2016. T Company has prepared the financial statements for the year ended 31 December 2016 as per International Financial Reporting Standards (FRS) with prior year comparison.

**Financial Instruments and Other Instruments**

The Company is not a party to any financial instruments and other instruments as defined in item 1.14 of National Instrument 51-102F1 — Management's Discussion and Analysis.

### Fair values

The estimated fair value of cash, accounts receivable, other receivables, borrowings and finance leases approximates their carrying values due to the relatively short-term nature of the instruments. The fair value of accounts payables and accrued liabilities approximates their fair values due to the requirement to extinguish the liabilities on demand.

### Financial risk management objectives and policies

The financial risk arising from the Group's operations are currency risk, credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Group's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries. The Group operates internationally and is exposed to foreign exchange risk as certain expenditures are denominated in non US dollar currencies. The exposure is predominantly to the US Dollar. Non-US Dollar denominated balances generate foreign exchange gains and losses that are reported on the income statement. A strengthening of \$0.01 in the Canadian Dollar against the US Dollars would have decreased the net loss for the period by approximately \$137,184 (2015 \$ 90,477) for the year. A \$0.01 weakening of the Canadian against the US Dollars would have an equal, but opposite, effect.

At December 31, 2016 and December 31, 2015, one Canadian Dollar was equal to 0.7448 USD and 0.7225 USD, respectively.

Balances in non-US dollar currencies are as follows:

	<b>2016</b>	2015
Cash and trade and agents receivable	<b>1,386,930</b>	469,453
Accounts payable and other liabilities	<b>(3,135,016)</b>	(2,443,426)
	<b>(1,748,086)</b>	(1,973,973)

**Credit risk**

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalent and deposits with banks and financial institutions, as well as credit exposures to agents, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If agents are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

**Liquidity risk**

The Group manages its liquidity risk by preparing and monitoring forecasts of cash revenues and cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due. The Group's accounts payable and accrued liabilities generally have maturities of less than 90 days. As at December 31, 2016, the Company had cash of \$ 2,143,057 (2015: \$ 284,665) to settle current liabilities of \$ 9,036,678 (2015: \$8,363,017). The Company has embarked on raising capital to meet its working capital requirements, these include going to the capital markets for further investments into the Company.

Undiscounted cash flows of financial liabilities based on maturity date are as follows:

	<b>1 year</b>	<b>2 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	3,314,420	-	-	3,314,420
Borrowings	7,585,834	2,105,256	-	9,691,090
Obligations under finance lease	-	-	-	-
	<b>10,900,254</b>	<b>2,105,256</b>	-	<b>13,005,510</b>

**Fair value hierarchy** e following summarizes the methods and assumptions used in estimating the fair value of the Group's financial instruments where measurement is required. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in IFRS.

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level two includes inputs that are observable other than quoted prices included in level one.

Level three includes inputs that are not based on observable market data.

All of the Group's cash is a level one as per the fair value hierarchy included in IFRS.

## **CAPITAL MANAGEMENT**

The Group's primary objectives when managing capital are to continue the development of the business and support new growth initiatives. The Board of Directors do not establish quantitative capital criteria for management, but rather rely on the expertise of the Group's management to sustain future development of the business, and continued growth. The parent is committed to providing the necessary liquidity for continued operations, as required. The impact of the Company not meeting its capital contribution may put the money remittance license in the USA in jeopardy.

The Company's US subsidiary, First Global Money Inc. ("FGMI") is required to meet State regulatory minimum capital requirements as applicable to continue operating in the various States. During 2016, FGMI was not in compliance with some of the States' regulatory requirements therefore the Company contributed additional capital in order to satisfy these requirements. Due to inadequate capital, FGMI was unable to satisfy the financial condition to retain its license in the state of California and FGMI voluntarily surrendered the license in January 2016 with the intention of reactivating the license once the conditions of approval have been met

The Group maintains segregated bank accounts for customer funds and operational capital. Various controls are in place to monitor and manage capital. Management reviews its capital management approach on an ongoing basis.

The Group includes equity, comprised of issued capital stock, warrants, options and conversion rights; and deficit, in the definition of capital. The Group is dependent on external financing to fund its activities. In order to carry out planned business activities and pay for administrative costs, the Group will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

**Capital Structure**

The Corporation is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As of 31 December 2016 there were 178,131,442 common shares issued and outstanding, as well as 43,982,242 Warrants and 17,325,000 Options which include warrants and options issued on the closing of the financing arrangements.

**Other MD&A Requirements**

As defined in National Instrument 52-109 — Certification of Disclosure in issuers's Annual and Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

The Corporation has evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded that they were effective as of the end of the period covered by this MD&A as well as of the date of this MD&A. The Corporation has evaluated its internal controls and financial reporting procedures and have found them to be effective with the objective of reporting the Corporation's financial transactions.