Management's Discussion & Analysis

For the year ended December 31, 2016

Containing information up to and including April 25, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") details RIWI Corp.'s ("RIWI" or the "Company") operating results and financial condition as at and for the year ended December 31, 2016, and is prepared as at April 25, 2017. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2016 and 2015, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"), which are available on www.sedar.com. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these 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 filings, and these Financial Statements together with the other financial information included in these 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 filings.

The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward-looking information"), which includes disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates", "projects", "budgets", "forecasts" or "does not anticipate", or "believes", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The examples of such forward-looking information have not changed from the previous quarterly filing.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward- looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

ADDITIONAL INFORMATION

Additional information relating to the Company is available from the SEDAR website at www.sedar.com, under the Company's profile.

OVERVIEW

History

RIWI is a public company and its shares are listed on the Canadian Securities Exchange (CSE: RIW). The Company was originally incorporated under the laws of Canada pursuant to the Canada Business Corporations Act on August 17, 2009. The head office is located at 459 Bloor Street West, Suite 200, Toronto, Ontario, M5S 1X9 and registered and records office is located at 200 Burrard Street, Unit 200, Vancouver, BC, Canada, V7X 1T2.

RIWI provides digital intelligence information services to customers using a proprietary global digital data capture ("survey and message testing") technology platform. RIWI operates four growing business lines: global citizen engagement, global consumer surveys, global finance, and global security. RIWI's global citizen engagement work operates through long-term agreements or direct contracting with non-governmental organizations, and with government aid and development agencies, or with organizations funded as prime contractors to those organizations and agencies. RIWI's global consumer survey unit increasingly serves international companies directly for long-term contracts and also serves market research firms that, in turn, service those global companies. For our global finance contracts, RIWI's live data feeds support financial institutions that wish to assess a wide range of topics including: real-time regional automobile sales data, stock markets, local housing markets, or to assess changing purchase trends in any country of interest. RIWI's security division provides government agencies data in order to measure, understand and counteract violent extremism.

RIWI is an Information-as-a-Service firm since RIWI provides data to multiple users within any large enterprise customer with continuous live data feeds and constantly updating analytics drawing on the machine learning properties of RIWI routing and dashboard technology. The RIWI digital survey platform is comprised of proprietary databases, a global survey routing technology, internal and external dashboard interfaces, and an always-learning computational infrastructure that measures, analyzes and reports on Web users' changing attitudes using RIWI digital surveys and message tests and digital campaigns. Our customers use the results of the surveys for a broad range of purposes that are relevant to their businesses and organizations, including:

- obtaining intelligence on competitors,
- initiating or stopping a program or activity,
- audience and message testing in fragile or conflict states (FCAS),
- concept testing and context evaluation for bid proposals for organizations servicing governments,
- concept testing and context evaluation for program design,
- short and continuous monitoring and evaluation for adaptive management insights,
- digital issue engagement and information campaigns,
- assessing perceptions of global or local political and real or emergent security threats,
- tracking macro-economic indicators, such as joblessness, housing bubbles, confidence in local banks, underemployment, consumer spending, and personal indebtedness,
- evaluating and testing advertising awareness, recall and media reach,
- tracking brand recognition,
- predicting referenda, elections and pivotal geopolitical events,
- assessing consumer usage and attitudes,
- collecting opinion data on highly sensitive topics in all geographies of the world,
- evaluation of new business and product concepts,
- evaluating global real-time Web penetration, and,
- assessing existing or emergent purchase trends in virtually all UN-recognized geographies.

Operational Highlights (Sales and Products)

Some key achievements made by the Company during the year ended December 31, 2016 include the following, dispersed across our four different business lines:

Global Citizen Engagement Business Line:

- RIWI was awarded a Long-Term Agreement with the United Nations World Food Programme (UN-WFP) in December 2016. Following a competitive tender process and technical review by the UN-WFP, RIWI was awarded preferred bidder status for Web-based survey data collection in 72 countries.

- RIWI was awarded several Long-Term Agreements (LTAs) for 2017 revenues.

- RIWI is part of the winning consortia of contractors for a five-year award issued by the U.S. Agency for International Development (USAID). The Human Rights Support Mechanism was awarded for the period of October 1, 2016 – September 30, 2021, and was awarded by USAID in October 2016.

Global Finance Business Line:

- In order to predict the winner of the 2016 US Presidential election, RIWI Corp. provided access to its patented global survey system and dashboard analytics tools to private economists and stock market participants.

- In order to predict the margin of the Italian constitutional referendum on December 4th, RIWI built proprietary time series prediction models, automated dashboards for prediction science, exponentially moving live averages that continually re-weight live data – based on RIWI machine learning models – to predict sentiment shifts in real-time.

- In conjunction with Deloitte, RIWI released the benchmark forecasting report on marijuana market sizing in Canada on October 27, 2016.

Global Consumer Business Line:

- RIWI launched a new service — the RIWI Global Omnibus — giving clients immediate access into the perceptions of diverse citizens and consumers in 60 or more countries worldwide.

- RIWI created a marketing partnership with ESOMAR, formerly known as The European Society for Opinion and Market Research.

Global Security Business Line:

- Ron Moultrie, the former Director of Operations at the National Security Agency (NSA), agreed to become RIWI's Senior Advisor, Global Risk and Threat Analysis.

- RIWI is now a current direct supplier to the US government (USG) through an existing 2016-2017 contract with the US Department of State.

Operational Highlights (Technical)

RIWI's automation of global surveys has improved dramatically in the following ways:

Scaling Out

Built upon a distributed architecture (with unidirectional message queues), we have added load balancers, Web server farms and a multi-master database cluster for more capacity on demand. Consequently, we have eliminated single point of failures and can perform maintenance without downtime.

Global Omnibus

RIWI has extended its technology to address multi-country (60+), multi-lingual (30+) and multi-client surveys. We have resolved challenges including long survey fatigue, client data isolation, scheduling and programming time.

Survey Router to Master Planner

The survey router typically distributes surveys based on geo-location, client quota and client priority (i.e., time urgency). This has been extended to include a 'master planner' where surveys are aggregated and randomized. Survey order can be uniform or priority based. Scheduling is flexible to accommodate late arrivals. Demographic questions are only asked once to eliminate redundancy across global or multi-client surveys.

Survey Builder

RIWI has developed an Excel™ survey builder that simplifies multi-language programming. Now surveys can be batch loaded in field for rapid deployment − significantly faster than 'do-it-yourself' (DIY) technical platforms.

Custom Dashboards

RIWI's enterprise clients want results in agile dashboard formats. RIWI dashboards allow clients without statistical software to gain insights into their data. Dashboards include cross-tabulations, chi-square tests, standardized residuals, ad hoc statistical queries and other response statistics.

OUTLOOK

Our objective is to be the leading global survey, global message testing, and global prediction firm in the world.

Grow our Customer Base through Key Account Growth Expansion

We intend to continually invest in sales, strategic marketing and account management initiatives, focused on our four business lines in an effort to expand our customer base.

Scientific Validation Papers Published by RIWI in 2016

In 2016, our accepted and/or published scientific publications have included:

- "Suicide Risk Factors in U.S. College Students: Perceptions Differ in Men and Women", published in the peer-reviewed journal *Suicidology Online* (December 2016).

- "Mental Health Promotion Through Collection Of Global Opinion Data," published in the peer-reviewed *Journal of Preventive Medicine and Care* (July 2016).

- First published online in December 2016, RIWI's technology was profiled in *Nature*, the leading scientific and technical journal in the world, in the first January 2016 print edition of the journal.

Growing Brand Awareness through Partnerships

RIWI holds regular marketing leadership events in Washington to advance recurring sales and partnerships. RIWI conducts these events either virtually (e.g. by Webinar) or in person at client venues (e.g. at the World Bank or Freedom House offices in Washington).

We have adopted a sales agency structure under which our sales agents receive a contractually agreed percentage of new revenues received from contracts resulting from introductions made by the sales agents.

Develop New Products

These product offerings include our Global Omnibus products, our risk forecasting models for the finance community, niche or regional Omnibus products, and advertising engagement tools. Other proven product offerings include global pulse, or all-country data collection initiatives, modularized surveys – where long surveys of 100 or more questions are broken down into short constructs of 3-4 questions – and 'diaries,' where RIWI's non-panel random respondent pool offers clients the otherwise unavailable benefit of collecting survey data in all regions throughout the day as a function of how frequently people use the Internet.

SUBSEQUENT EVENT

On March 24, 2017, the Company completed a non-brokered private placement and issued 656,571 units for proceeds of $1,608,600. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable to purchase one common share of the Company at $3.50 per share until September 24, 2018.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three and twelve months ended December 31, 2016 and 2015. They should be read in conjunction with the Financial Statements for the years ended December 31, 2016 and 2015, and the related notes.

Three and twelve months ended December 31, 2016 and 2015

In Canadian Dollars ($)	Three months ended December 31, 2016	Three months ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2015
Revenues	191,055	193,510	808,524	755,765
Technology costs	(199,046)	(204,551)	(849,527)	(504,440)
Sales and marketing	(30,176)	(21,683)	(399,346)	(47,259)
General and administrative	(239,487)	(151,703)	(1,334,006)	(973,342)
Public listing application	-	-	-	(83,141)
Interest income	-	394	-	1,929
Net Loss	(277,654)	(184,033)	(1,774,355)	(850,488)
Loss per share (basic and diluted)	(0.03)	(0.01)	(0.12)	(0.06)

Revenues

Revenues are comprised of fees that are charged to customers for providing digital surveys. Revenue decreased by $2,455 to $191,055 during the three months ended December 31, 2016 compared with $193,510 for the same quarter in 2015. Total revenue increased by $52,759 to $808,524 during the year ended December 31, 2016 compared with $755,765 for the same period last year. The primary reason for the general increase in revenue in the year is the increased spending on sales and marketing in addition to the sales relationships with large data companies.

Total Expenses

Total expenses increased by $90,772 to $468,709 during the quarter ended December 31, 2016, compared to $377,937 during the same period in 2015. Total expenses increased by $1,057,838 to $2,582,879 during the year ended December 31, 2016 compared with $1,525,041 for the same period in 2015. This increase in total expenses is primarily due to the expenses associated with our increased sales and marketing initiatives expended during the first three quarters of 2016, stock-based compensation and expanded operations. Monthly sales and marketing expenses declined after September 1, 2016 when RIWI reduced consulting fees of approximately $40,000 per month that had earlier been spent on sales and marketing strategy from February 15, 2016 until August 30, 2016.

Key expenses are summarized as follows:

- **Technology costs** increased by $345,087 to $849,527 during the year ended December 31, 2016 from $504,440 for the same period in 2015. Technology costs decreased by $5,505 to $199,046 during the quarter ended December 31, 2016 compared to $204,551 for the same period in 2015. This overall increase is primarily attributable to our shift from more research based activities to an increased focus on executing contracts with customers, as well as more proof-of-viability marketing pilots and initiatives. This increase also resulted from the finalization of an updated version of our all-device friendly survey interface, which enjoys very low latency, and thus quicker respondent response.
- **Sales and marketing** increased by $352,087 to $399,346 during the year ended December 31, 2016 compared to $47,259 for the same period in 2015. Sales and marketing decreased by $8,493 to $30,176 during the quarter ended December 31, 2016 compared to $21,683 during the same period in 2015. The Company hired additional sales staff to manage its existing customer base as well as identified new customers. Sales and marketing includes a one-time signing bonus paid to sales staff of $100,000.

- **General and administrative** increased by $394,810 to $1,334,006 during the year ended December 31, 2016 compared to $973,342 for the same period in 2015. General and administrative increased by $87,784 to $239,487 during the quarter ended December 31, 2016 compared to $151,703 for the same period in 2015. These increases are primarily due to the increase in non-cash related stock based compensation and hiring internal personnel to manage the growth of the Company.

Public Listing Application

Public listing application relates to the fees paid in 2015 for the Company to go public on the Canadian Securities Exchange. No costs related to the listing were incurred in 2016.

Interest Income

Interest income decreased by $1,929 to $nil during the year ended December 31, 2016 compared to $1,929 for the same period in 2015. Interest income decreased by $394 to $nil during the three months ended December 31, 2016 compared to $394 for the same period in 2015. The decrease is a result of utilizing cash generated from proceeds on issuance of common shares in operations.

Net Loss

Net loss increased by $923,867 to $1,774,355 during the year ended December 31, 2016 compared to $850,488 for the same period in 2015. Net loss increased by $93,621 to $277,654, during the three months ended December 31, 2016 compared to $184,033 for the same period in 2015. The major reason for the overall increased net loss was the timing of recognizing revenue for the current year, stock-based compensation expense and our strategic investment in sales and marketing consulting that ended August 30, 2016.

Working Capital

Our cash balance increased to $438,119 and our working capital increased to $517,345 as at December 31, 2016, compared to our cash balance of $210,063 and working capital of $239,189 as at December 31, 2015. This increase in working capital is primarily due to the net proceeds received during the year ended December 31, 2016 from two non-brokered private placements whereby the Company issued 403,356 common shares at $2.78 per share for gross proceeds of $1,121,333 and 248,822 units of common shares and warrants at $2.10 per share for gross proceeds of $522,531.

SELECTED FINANCIAL INFORMATION

Selected Quarterly Results

The following is a selected summary of quarterly results for the eight most recently completed quarters to December 31, 2016.

The Company's operations are not significantly impacted by seasonality.

	2016				2015			
In Canadian Dollars ($)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	191,055	275,208	190,735	151,526	193,510	207,787	74,604	279,864
Technology costs	(199,046)	(156,836)	(302,422)	(191,223)	(204,551)	(106,760)	(90,348)	(102,781)
Sales and marketing	(30,176)	(45,816)	(157,813)	(165,541)	(21,683)	(2,502)	(15,896)	(7,178)
General and administrative	(239,487)	(265,385)	(590,029)	(239,105)	(151,703)	(230,462)	(222,066)	(369,111)
Interest income	-	-	-	-	394	147	569	819
Public listing application	-	-	-	-	-	(83,141)	-	-
Comprehensive loss for the period	(277,654)	(192,829)	(859,529)	(444,343)	(184,033)	(214,931)	(253,137)	(198,387)
Loss per share (basic and diluted)	(0.03)	(0.01)	(0.06)	(0.03)	(0.01)	(0.01)	(0.02)	(0.01)
Total assets	866,535	858,393	516,573	1,069,958	364,095	799,779	612,366	844,087
Long term financial liabilities	-	-	-	-	-	-	-	-
Cash dividends per share	-	-	-	-	-	-	-	-

Overall, the Company has seen an overall increase in revenue between the quarters, with the exception of the last quarter in 2017. The reason for this is the increased spending on sales in addition to establishing sales relationships with various large data companies. In Q2 of fiscal 2016, the Company incurred higher technology costs due to obtaining more services from a media company located in Munich, Germany for technology advisory services as part of the Company's expansion process. The Company also incurred higher sales and marketing expenses in Q1 and Q2 of fiscal 2016 than all other quarters in fiscal 2015 and 2016, which is largely due to the recruitment of marketing consultants, and that higher travel expenses were incurred by officers and marketing consultants as a result of promoting the Company's business to various clients. Consequently, the Company also experienced a higher comprehensive loss in Q1 and Q2 in fiscal 2016 due to the temporarily higher expenses incurred, and these expenses were cut dramatically in Q3.

As at the end of Q1 of fiscal 2016, the Company had $1,069,958 of total assets. The higher amount of total assets in comparison to other quarters is primarily due to net proceeds received from a non-brokered private placement completed March 2, 2016. In comparison, the Company had the lowest total assets in Q4 of fiscal 2015 due to cash being used to pay for operating expenditures, and the fact that the private placement had not yet taken place by the end of fiscal 2015.

Selected Annual Information

In Canadian Dollars ($)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Total revenues	808,524	755,765	343,844
Technology costs	(849,527)	(504,440)	(338,505)
Sales and marketing	(399,346)	(47,259)	(60,591)
General and administrative	(1,334,006)	(973,342)	(746,654)
Public listing application	-	(83,141)	-
Interest income	-	1,929	7,990
Net loss	(1,774,355)	(850,488)	(793,916)
Loss per share (basic and diluted)	(0.12)	(0.06)	(0.05)
Total assets	866,535	364,095	891,987
Long term financial liabilities	-	-	-
Cash dividends per share	-	-	-

During the year ended December 31, 2016, the Company incurred higher general and administrative costs than in fiscal 2015 partially due to higher stock-based compensation incurred for options granted to directors, officers, and consultants of the Company. During the same period, the Company incurred higher payroll expenses to temporary consultants and advisory services relating to marketing and sales development required due to the expansion of our operations. During fiscal 2016, the Company also incurred higher marketing technology costs in comparison to the prior two fiscal years required for marketing services rendered. The Company also experienced higher technology costs than in prior years, which is primarily attributable to our shift from more research-based activities to an increased focus on executing contracts directly with large enterprise customers requiring dashboard interfaces which the Company has finalized for usage by all future customers, as well as more proof-of-viability marketing pilots and initiatives for our security and finance business lines. This is also due to the implementation of an updated version of our all-device friendly survey interface which provides rapid-cycle research and auto-updated data that uses proprietary machine learning for real-time analytics.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had working capital of $517,345, compared to working capital of $239,189 as at December 31, 2015. This increase in working capital is primarily due to the net proceeds received during the year ended December 31, 2016 from two non-brokered private placements whereby the Company issued 403,356 common shares at $2.78 per share for gross proceeds of $1,121,333 and, subsequently, 248,822 units of common shares and warrants at $2.10 per share for gross proceeds of $522,531.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company has historically been able to fund operations through equity raises.

We will continue to assess the necessity for debt or equity financing as we proceed with the development of our business. We may, from time to time, develop additional new products or services to expand our operations beyond the scope that is presently contemplated. This could result in a requirement to seek new financing in order to finance such undertakings. There is no assurance that we will be able to achieve such financings if and when required.

	As at	
	December 31, 2016	**December 31, 2015**
Current Assets	$843,977	$340,205
Current Liabilities	$326,632	$101,016
Working Capital	$517,345	$239,189

CAPITAL STRUCTURE

Common Shares

As of April 25, 2017, the Company has 16,200,397 issued and outstanding common shares and no outstanding preferred shares. On February 11, 2015, the Company completed a stock dividend issuing 13 common shares for each common share outstanding. The Company's share price at April 25, 2017 was $2.52 per share.

Stock Options

As of April 25, 2017, the Company has 2,439,900 options outstanding.

Share Purchase Warrants

As at April 25, 2017, the Company has 910,893 share purchase warrants outstanding.

Off-Balance Sheet Arrangements

As of December 31, 2016, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

(a) For the year ended December 31, 2016, included in technology costs are consulting fees to the Company's CTO in the amount of $144,000 (2015 - $144,000).

For the year ended December 31, 2016, included in technology costs are consulting fees to a company controlled by a director of the Company in the amount of $52,500 (2015 - $28,100).

Included in accounts payable and accrued liabilities as at December 31, 2016 is $18,060 (2015 - $13,560) due to related parties for consulting fees.

(b) During the year ended December 31, 2016, the Company incurred $386,250 (2015 - $189,544) in wages and benefits to the Company's management team, including the Company's directors, President, CEO, and CFO.

(c) During the year ended December 31, 2016, the Company recognized stock-based compensation of $278,509 (2015 - $170,013) for options granted and vested for directors, President, CEO, and CFO.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates and judgments are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates and judgments made by the Company that have the most significant risk of causing material misstatement to the carrying amounts of assets and liabilities are discussed below.

- **Going Concern**

  The Company has incurred losses to date and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors such as expectations of future events that are believed to be reasonable under the circumstances.

- **Asset carrying values and impairment charges**

  In the determination of carrying values and impairment charges, Management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- **Income taxes and recoverability of potential deferred tax assets**

  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- **Measurement of share-based compensation and warrants**

  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of the following categories: fair value through the statement of loss and comprehensive loss, held-to-maturity, loans and receivables, available-for-sale and other liabilities. The Company has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instruments	**Category**	**Measurement Method**
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Convertible debenture	Other liabilities	Amortized cost

The Company will assess at each reporting period whether any financial assets are impaired. An impairment loss, if any is recorded on the statement of loss and comprehensive loss.

It is management's opinion that the Company is not exposed to significant interest rate risk or credit risk. The fair values of these financial instruments approximate their carrying value due to the relatively short-term maturity of these instruments.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s trade accounts receivable are due from customers and GST input tax credits due from the Government of Canada and are subject to normal credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company’s financial liabilities consist of accounts payable and accrued liabilities and consist of invoices payable to trade suppliers for Internet advertising technology services, general and administrative and other expenses and are paid within one year.

The Company expects to fund these liabilities through the use of existing cash resources and funds raised through equity financings.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company’s net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2016, the Company had invested $25,000 (2015 - $nil) in short-term guaranteed investment certificates.

(ii) Foreign currency risk

The Company's activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in US dollars (US$). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

As at December 31, 2016, financial instruments were converted at a rate of $1.00 Canadian to US$0.7448.

Balances denominated in foreign currencies as at December 31, 2016 were as follows:

	Cdn$	US$
Cash	333,079	248,077
Accounts receivable	255,169	190,050
Accounts payable	12,115	9,023

The estimated impact on net loss at December 31, 2016 with a +/- 10% change in foreign exchange rates is approximately $57,613 (2015 - $15,000).

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after the date of this MD&A.

(a) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in the Statement of Loss and Comprehensive Loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of IFRS 9 on the Company's financial statements.

(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018, and may consider earlier adoption. The extent of the impact of adoption of IFRS 15 has not yet been determined.

(c) IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its financial statements.