# Management's Discussion & Analysis

For the three and six month interim

periods ended

June 30, 2017

VitalHub Corp.

(formerly Quinsam Opportunities I Inc.)

44 Victoria Street, Suite 1417 Toronto, ON M5C 1Y2

*This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of VitalHub Corp. ("VitalHub", or the "Company"), for the three and six months ended June 30, 2017 and updates our MD&A for the fiscal year 2016. The information contained herein should be read in conjunction with the Financial Statements and Auditor's Report for fiscal 2016 and the unaudited interim condensed financial statements ("Financial Statements") for the three and six months ended June 30, 2017.*

*The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Chartered Professional Accountants Canada Handbook ("CPA Canada Handbook"). All financial information contained in this MD&A and in the Financial Statements have been prepared in accordance with IFRS except for certain "Non-IFRS Measures" on page 15 of this MD&A.*

*The information in this MD&A is as of August 24, 2017. All currency amounts in this MD&A are expressed in Canadian dollars, unless specified otherwise.*

## COMPANY PROFILE

VitalHub is a Healthcare IT mobile solutions vendor. The technology was built at Mount Sinai Hospital in Toronto, with the goal of providing clinicians easy access to data from multiple disparate electronic medical records and other patient information systems that the hospital had invested a substantial amount into implementing. VitalHub was a private company incorporated in 2010, when it received investment funding from MaRS Innovation as well as an angel investor. They continued to fund the Company, primarily through debt, through to April 2016. In May 2016, the Company was restructured and sold to 2514987 Ontario Inc., an arm's length corporation owned by Dan Matlow (CEO and President of VitalHub) and Brian Goffenberg (CFO and EVP of VitalHub). In November 2016, the new management took the Company public by completing a reverse takeover transaction with VitalHub acquiring all the controlling interest in Quinsam Opportunities I Inc. ("QOP"). Upon completion of the transaction, QOP changed its name to VitalHub Corp., and commenced trading on the TSXV Venture Exchange under the symbol "VHI" on December 2, 2016.

The VitalHub solution is comprised of two key components: middleware and mobile. The solution was designed to sit on top of the various disparate clinical information systems and present aggregated patient data to clinicians through a highly intuitive user interface on a mobile device. In essence, the core technology is a middleware solution that integrates patient information and presents it via mobile devices.

## COMPANY STRATEGY

VitalHub's strategy is highlighted as follows:

- To become the leading vendor of Mobile Health ("MHealth") integration software solutions throughout North America
- To increase growth and profitability through acquisitions of software companies focused in the Healthcare IT area. Leveraging the install base by cross-selling the suite of VitalHub products to increase revenues, reduce research and development costs by moving development offshore with a significantly reduced wage structure and consolidating finance, administration, sales and marketing teams to increase efficiencies and reduce overall costs.
- To work with system integrators to utilize the VitalHub solutions as part of their delivery infrastructure for the deployment of mobile applications within hospitals and health authorities.
- To market the diabetes registry system developed for Mount Sinai within the Canadian marketplace and to become the leading software solution for diabetes management in Canada.

## COMPANY HIGHLIGHTS

- **On June 12, 2017, the Company revised its pricing for its previously announced Private Placement Offering (the “offering”) with Echelon Wealth Partners Inc. (“Echelon”).** Subject to adjustment with a consolidation (as further descried and defined below), the Company will now offer up to 50,000,000 units of the Company at $0.10 per share (Each unit will consist of one common share of the Company and one warrant. Each whole warrant will entitle the holder to purchase one common share for a period of twenty-four (24) months from the date of issuance at a price of $0.18 per share), for gross proceeds of a minimum of $2,800,000 and a maximum of $5,000,000. The Company anticipates that it will use the net proceeds of the offering to pay the cash portion of the purchase price for the previously announced proposed acquisition of B Sharp Technologies Inc. (B Sharp Technologies); for transaction costs associated with the offering; for working capital required in the B Sharp Technologies business; and any remaining funds will be used for working capital and general corporate purposes of VitalHub.
- **The Company is pleased to announce that Valsef Capital, a private investment company, as well as institutional investors, have committed to an investment in the Offering.** Subject to board approval, the Chief Strategist of Valsef Capital, Mohan Plakkot, has agreed to join the Company's board of directors.
- **The Company continues to work towards the entering into of a definitive agreement to acquire B Sharp Technologies Inc.** ("B Sharp Technologies") and the completion of mutually satisfactory due diligence with the vendors of B Sharp Technologies. The Company expects to close this acquisition on or after the closing of the offering.
- **The Company continues to work towards the entering into of a definitive agreement to acquire H.I. Next Inc.** ("HI Next") and the completion of mutually satisfactory due diligence with the vendors of HI Next. The Company expects to close this acquisition some time subsequent to the closing of the acquisition of B Sharp Technologies.
- **The consolidation of common shares at a ratio of 4:1 was voted in favour of at the annual general meeting and special meeting of the shareholders on June 30, 2017.** The consolidation once enforced will result in the following changes to the offering:
  - The Company will offer up to 12,500,000 units at $0.40 per share;
  - The exercise price of the warrants and broker warrants will be $0.72 per share; and,
  - The warrants will be converted automatically by the Company, if, at any time after the four (4) month statutory hold period expires, the price per share of the Company’s common shares on the TSXV is greater than $1.20 for 20 consecutive days.

Notwithstanding the foregoing, the consolidation will not result in a change to the minimum and maximum gross proceeds to be raised under the offering.

- **Vitalhub completed the Procurement by Co-Design program hosted by MaRs and prevailed as the winner of two grant awards beating out 21 other projects. The initiative lead to the creation of two additional mobile applications "Task Manager" and "Physician Onboarding' that are now seeing adaption in the Canadian marketplace.** The Company was awarded $10,000 for the" Physician Onboarding" application and $25,000 for the" Task manager" application. Both Trinity Village Care Centre and Markham Stouffville Hospital who partnered with Vitalhub in the creation of the applications are now moving forward to procure the solutions they co-designed, piloted and evaluated together. These procurements will result in additional revenue in the near future.
- **Revenue** for the three months ended June 30, 2017 was $135,875, representing an increase of 26.3% over revenues of $107,600 in the same period last year. Revenue for the six months ended June 30, 2017 was $264,528, representing an increase of 14.7% over revenues of $230,600 in the same period last year. This is primarily due to a new customer contract with William Osler Health System and awards received from the Procurement by Co-Design Challenge hosted by MaRS for developing application solutions for Markham Stouffville Hospital and Trinity Village Care Centre.

## SUBSEQUENT EVENTS

**Private Placement**

Subsequent to the period ended June 30, 2017, the Company announced that it now has approximately $3,000,000 in orders from its private placement offering and anticipates being able to close this tranche on or about August 29, 2017. This will enable VitalHubs's transformation of becoming the leading vendor of MHealth solutions. In line with the Company's core strategy of acquiring software companies in the Healthcare IT area, the B Sharp Technologies acquisition will be the first of many which will allow the Company to quickly increase growth and profitability. Pricing of the offering remains unchanged at $0.10 per share (consisting of one common share and one common share purchase warrant), with the warrants having an exercise price of $0.18 and a term of twenty-four (24) months (subject to automatic exercise by the Company if, at any time after the four month statutory hold period expires, the price per share of the Company's Common Shares on the TSXV is greater than $0.30 for 20 consecutive days).

The Company continues to work on signing a definitive acquisition agreement with B Sharp Technologies to acquire all of its issued and outstanding securities (the "Acquisition"), as previously announced. Following execution of this definitive agreement, the Acquisition is expected to close concurrently with the minimum Placement, on or about August 29, 2017. Closing of the Placement and the Acquisition remains subject the approval of the TSXV. All securities issued in connection with the Placement shall be subject to a four month statutory hold period.

**Promissory note**

Subsequent to the period ended June 30, 2017, the remaining balance of the promissory note of $31,832 was agreed to be converted under the terms of the current private placement offering into 318,321 shares of the Company at $0.10 per share and 318,321 warrants at $0.18 per share. Each whole warrant will entitle the holder to purchase one common share for a period of twenty-four (24) months from the date of issuance. The conversion is subject to closing of the private placement and acquisition as discussed in the company highlights section.

## SUMMARY OF OPERATING RESULTS

This report analyses the results for the three and six month periods ended June 30, 2017, with comparisons to the same periods for the prior year. The Financial Statements for the period ended June 30, 2017 form an integral part of this Management's Discussion and Analysis. The Financial Statements can be found at [www.sedar.com](http://www.sedar.com).

**VitalHub summary of operating results:**

| | Three months ended June 30 2017 $ | Three months ended June 30 2016 $ | % Change | Six months ended June 30 2017 $ | Six months ended June 30 2016 $ | % Change |
|---|---|---|---|---|---|---|
| Revenues | 135,875 | 107,600 | 26.3% | 264,528 | 230,600 | 14.7% |
| Cost of sales | 11,500 | - | 100.0% | 11,500 | 6,500 | 76.9% |
| Selling, marketing and administrative expenses | 342,379 | 281,732 | 21.5% | 602,876 | 330,221 | 82.6% |
| Research and development expenses | 220,485 | 45,516 | 384.4% | 453,227 | 345,396 | 31.2% |
| Interest expense | (131) | (231,183) | (99.9%) | (758) | (231,183) | (99.7%) |
| Net loss | (439,792) | (449,427) | | (805,005) | (681,296) | |
| Net loss per share basic and diluted | (0.013) | (0.034) | | (0.023) | (0.051) | |
| Weighted average number of shares outstanding - basic and diluted | 34,424,445 | 13,400,016 | | 34,424,445 | 13,400,016 | |

## Types of Revenue

The Company generates revenue from the sale of annual renewable software licences, maintenance and consulting services. Certain agreements provide for the delivery of application software and continuing post-contract services ("PCS"), such as support and maintenance for the application software sold. Revenue is allocated to multiple elements using the relative fair value method.

For the three months ended June 30, 2017, the Company generated total revenue of $135,875, representing an increase of 26.3% over revenue of $107,600 for the same period last year. For the six months ended June 30, 2017, the Company generated total revenue of $264,528, representing an increase of 14.7% over revenue of $230,600 for the same period last year. The increase is primarily due to a new customer contract with William Osler Health System and awards received from the Procurement by Co-Design Challenge hosted by MaRS for developing application solutions for Markham Stouffville Hospital and Trinity Village Care Centre.

VitalHub generates its revenue from three main sources:

**Term software licenses:**

Term or annual renewable software licences include the right to use the software for a year, technical support and maintenance services. These services are similar in substance to a subscription as the Company does not sell one-year licences without technical support and maintenance services. Revenue is recognized on a straight line basis over the term of the agreement from the date the licence term commences.

Revenue from term or annual renewable software licences for the three months ended June 30, 2017 was $50,000, similar to revenue of $50,000 for the three months ended June 30, 2016. For the six months ended June 30, 2017 revenue from term or annual renewable software licences was $106,000, representing a 6.0% increase from revenue for the same period last year.

**Post contract service maintenance and support services:**

PCS maintenance and support services revenue are accounted for as services. As part of the sale of an annual renewable licence, a client can acquire, for a separate fee, maintenance and support services for the software. These maintenance and support services are renewable by the client on an annual basis as of the anniversary date of the software purchase. These arrangements include an indeterminable number of acts over a specified period of time with revenue recognized on a straight line basis over the term of the arrangement.

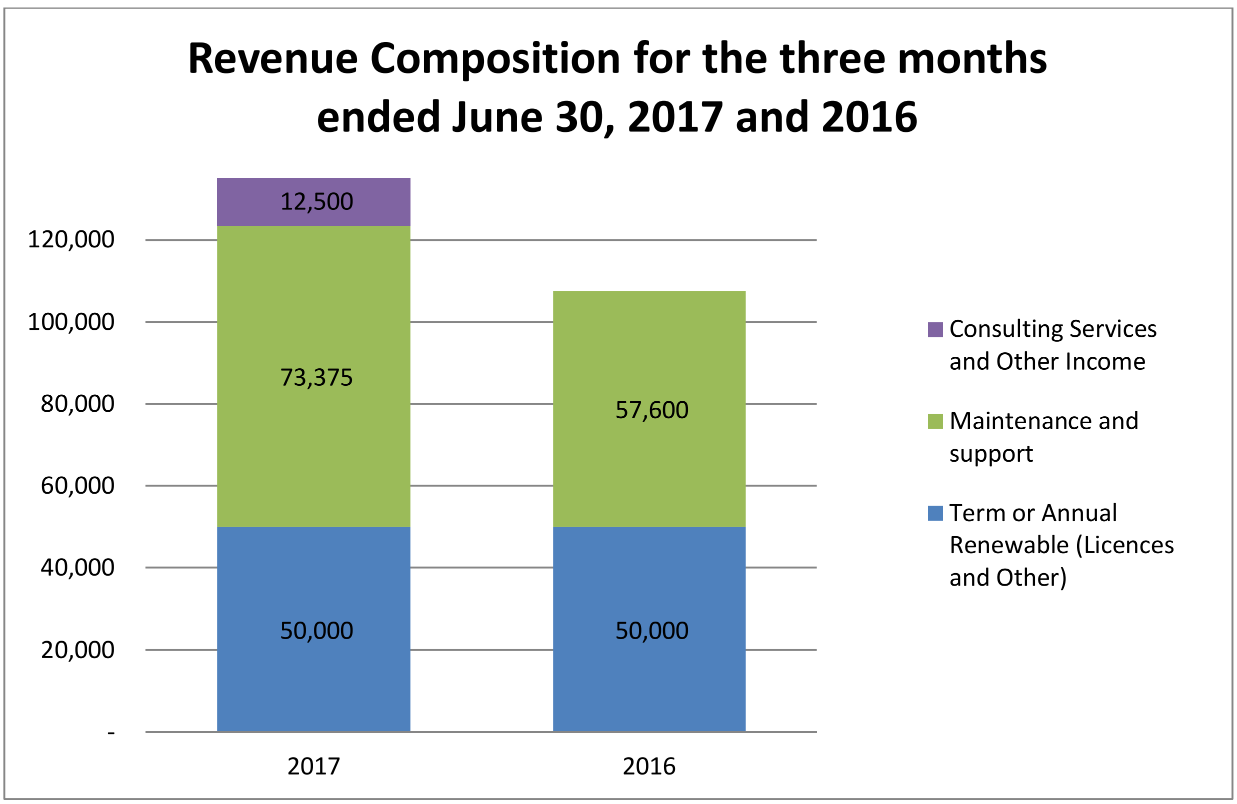
Revenue from PCS maintenance and support services for the three months ended June 30, 2017 was $73,375, representing a 27.4% increase from revenue of $57,600 for the three months ended June 30, 2016. For the six months ended June 30, 2017 revenue from PCS maintenance and support services was $146,028, representing a 24.2% increase from revenue for the same period last year.

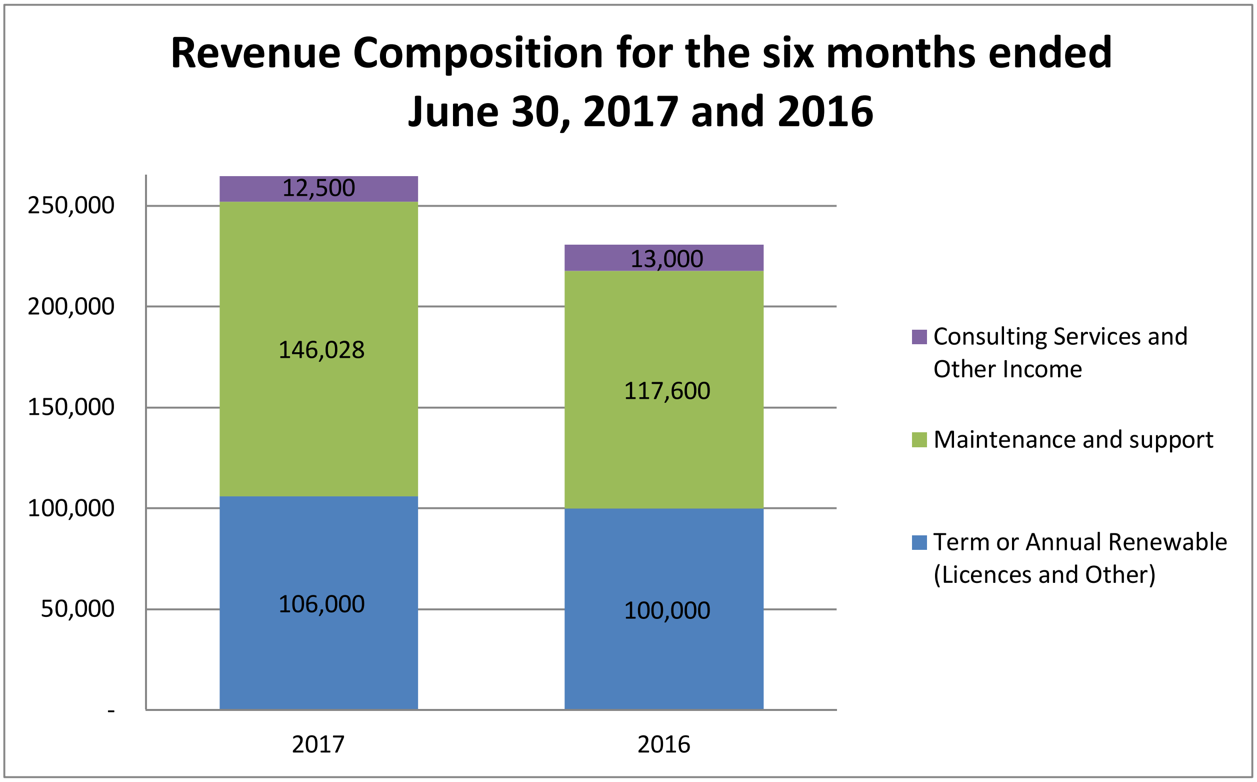
**Consulting, professional services and other income:**

Consulting and professional services are accounted for as services. They include installation, implementation, training, and integration related to the VitalHub software. They are charged on a time and materials basis. Other income represents miscellaneous revenue and is recognized when received.

Revenue from consulting, professional services and other for the three months ended June 30, 2017 was $12,500, compared to revenue of $nil for the three months ended June 30, 2016. For the six months ended June 30, 17 revenue from consulting, professional services and other was $12,500, compared to revenue of $13,000 for the same period last year.

REVENUE COMPOSITION






## Expenses

**Operating expenses** for the three months ended June 30, 2017 were $562,864, an increase of 72.0% over expenses of $327,248, for the same period last year. For the six months ended June 30, 2017, operating expenses were $1,056,103, representing a 56.3% increase from operating expenses of $675,617 for the same period last year.

- **Sales, marketing and administrative expenses** for the three months ended June 30, 2017 were $432,379 representing an increase of 21.5% over expenses of $281,732 for the same period last year. For the six months ended June 30, 2017, sales, marketing and administrative expenses were $602,876, representing an increase of 82.6% over expenses of $330,221 for the same period last year. The increase is due to increasing consulting and sales staff, marketing and travel expenses to grow the customer base, along with investor relation costs.
- **Research and development expenses** for the three months ended June 30, 2017 were $220,485 representing a 384.4% increase over expenses of $45,516 for the same period last year. For the six months ended June 30, 2017, research and development expenses were $453,227, representing an increase of 31.2% over expenses of $345,396 for the same period last year. The increase is a result of receiving approximately $208,865 in coop credits and prior years SR&ED claims in 2016, which were netted against the expenses for the period ended June 30, 2016.

## Results of Operations

The following table highlights selected financial information for the eight consecutive quarters ended June 30, 2017:

| | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2015 Q4 | 2015 Q3 |
|---|---|---|---|---|---|---|---|---|
| **Revenues ($)** | 135,875 | 128,653 | 122,329 | 135,206 | 107,600 | 123,000 | 126,600 | 110,000 |
| **Net income (loss) ($)** | (439,792) | (365,213) | (732,129) | 3,388 | (449,427) | (231,869) | (444,987) | (344,168) |
| **EBITDA ($)** | (439,171) | (364,097) | (718,445) | 5,888 | (217,033) | (230,657) | 196,789 | (343,461) |
| **Adjusted EBITDA ($)** | (435,617) | (284,006) | (833,794) | 5,888 | 32,967 | (230,657) | 196,789 | (343,461) |
| **Net income (loss) per share - basic and diluted ($)** | (0.013) | (0.011) | (0.047) | 0.000 | (0.034) | (0.017) | (0.033) | (0.026) |
| **Weighted average number of shares outstanding - basic and diluted** | 34,424,445 | 34,424,445 | 15,700,421 | 13,400,016 | 13,400,016 | 13,400,016 | 13,400,016 | 13,400,016 |

- For the three months ended June 30, 2017, the Company had a net loss of $439,792 on revenue of $135,875 versus a net loss of $449,427 on revenue of $107,600 for the same period last year.
- EBITDA, defined as Earnings Before Interest, Taxation, Depreciation and Amortization, a non-IFRS measure, for the three months ended June 30, 2017 was ($439,171) as compared to EBITDA of ($217,033) for the same period last year. For the six months ended June 30, 2017 EBITDA was ($803,268) as compared to EBITDA of ($447,690) for the same period last year, as described in the Reconciliation and Definition of Non-IFRS Measures section of this MD&A.
- Adjusted EBITDA, defined as Earnings Before Interest, Taxation, Depreciation and Amortization and Share Based Compensation expense, a non-IFRS measure, for the three months ended June 30, 2017 was ($435,617) as compared to EBITDA of $32,967 for the same period last year. For the six months ended June 30, 2017 Adjusted EBITDA was ($719,623) as compared to EBITDA of ($197,690) for the same period last year, as described in the Reconciliation and Definition of Non-IFRS Measures section of this MD&A.

## Financial Condition

A discussion of the significant changes in our statements of financial position:

| | June 30, 2017 | December 31, 2016 | $ Change |
|---|---|---|---|
| **Cash** | **326,857** | **1,143,370** | **(816,513)** |
| **Trade and other receivables** | **816,056** | **591,256** | **224,800** |
| **Deferred revenue** | **594,938** | **597,465** | **(2,527)** |

- **Cash** was $326,857, a decrease of $816,513 from December 31, 2016. Refer to Liquidity and Capital Resources for a discussion of the changes in cash.
- **Trade and other receivables** were $816,056, an increase of $224,800, which is driven by the timing of the customer billing cycle.
- **Deferred revenues** were $594,938, representing a decrease of $2,527 from December 31, 2016 which is driven by the timing of the customer billing cycle of recurring contracts.

## Obligations and Commitments

### COMMITMENTS

The Company leases its premises annually under an agreement, which is classified as an operating lease. The lease provides for payment of utilities, property taxes and operating costs.

## Liquidity and Capital Resources

The Company's cash position at June 30, 2017 was $326,857 and $116,485 at June 30, 2016. The Company has not yet achieved profitable operations and has an accumulated deficit of $3,269,869 (December 31, 2016 - $2,477,078). The ability of the Company to continue as a going concern is dependent on the successful execution of management's business plan, which involves increasing revenues through market penetration and acquisitions of software companies focused in the Healthcare IT area, securing additional equity financing to fund planned acquisitions as well as for working capital and general corporate purposes, all of which casts significant doubt upon the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in achieving these plans.

Refer to the Company highlights section of this MD&A which discusses steps taken by the Company to obtain the required financing to carry out its planned strategy.

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the Company will generate sufficient financing to fund its ongoing operations. Should the going concern assumption not be applicable, then adjustments would be required to the carrying value of the Company's net assets and to its statement of operations, these adjustments could be material. Please refer to Note 1 of the June 30, 2017 Financial Statements.

## CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

| | Six months ended June 30 2017 $ | Six months ended June 30 2016 $ | Change $ |
|---|---|---|---|
| **Net loss** | (805,005) | (681,296) | (123,709) |
| **Items not affecting cash** | 84,624 | 483,606 | (398,982) |
| **Net change in non-cash working capital** | (78,273) | (440,975) | 362,702 |
| **Cash used in operating activities** | (798,654) | (638,666) | (159,988) |

- The Company has a net loss of $805,005 for the six months ended June 30, 2017 compared to a net loss of $681,296 for the same period last year, as described in the Operating Results section of this MD&A.
- Items not affecting cash decreased by $398,982 represented by a decrease in stock based compensation expense of $166,355 and a decrease in interest expenses of $231,183.
- Changes in non-cash working capital decreased by $362,702 in comparison to the prior period. This is primarily due to an increase in accounts payable and accrued liabilities from 2016 to 2017 of $171,620, and a decrease in receivables – trade and other from 2016 to 2017 of $206,835 caused by timing of customer billings and collections.

## CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

| | Six months ended June 30 2017 $ | Six months ended June 30 2016 $ | Favourable (Unfavourable) $ |
|---|---|---|---|
| **Cash used in investing activities** | (5,723) | - | (5,723) |

Cash used in investing activities relates to the purchase of computer equipment for the six months ended June 30, 2017.

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

| | Six months ended June 30 2017 $ | Six months ended June 30 2016 $ | Favourable (Unfavourable) $ |
|---|---|---|---|
| **Cash (used in) provided by financing activities** | **(12,136)** | **702,213** | **(714,349)** |

Cash used in financing activities was $12,136 for the six months ended June 30, 2017 and cash provided by financing activities was $702,213 for the same period in the prior year. The difference is mainly due to proceeds received in the prior period from a loan. The amounts use in financing activities for the six months ended June 30, 2017 relate to the principal repayment of a promissory note.

CONTINGENT OFF-BALANCE SHEET AND OTHER ARRANGEMENTS

The Company has obligations with respect to licence, maintenance and support arrangements for any 12 month period. This obligation is reflected on the Company's statement of financial position through its deferred revenue balance. Outside of deferred revenue, the Company has no material obligations or contingencies.

## Critical Accounting Policies and Estimates

*A description of the Company's accounting estimates that are critical to determining the Company's financial results and changes to accounting policies.*

The Company's Financial Statements are prepared in accordance with IFRS, which require the Company to make estimates and assumptions that affect the amounts reporting in its Financial Statements. It has identified several policies as critical to the business operations and essential for an understanding of the results of operations. The application of these and other accounting policies are described in Note 4 of the Company's annual financial statements. There have been no significant changes in its critical accounting estimates from what was previously disclosed in its MD&A for the year ended December 31, 2016. These policies are incorporated herein by reference. Preparation of the Financial Statements requires the Company 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 reporting amounts of revenues and expenses during the reporting period. Actual results could vary significantly from those estimates. Significant areas requiring the Company to makes estimates include: the useful life of and value and assets, the valuation allowance of income tax accounts, the recognition of revenue and accrued liabilities.

## Reconciliation and Definition of Non-IFRS Measures

*A description and calculation of certain measures used by management*

### RECURRING REVENUE

Recurring revenue is defined as annual renewable software licence fees and maintenance services.

The following chart reflects the Company's revenue composition as reported in the interim condensed statements of operations and comprehensive loss:

| Three months ended June 30 2017<br>$ | Term or Annual Renewable (Licences and Other) | Maintenance and support | Consulting Services and Other Income | Ending Balance as per Financial Statements |
|---|---|---|---|---|
| Term licences, maintenance and support | 50,000 | 73,375 | - | 123,375 |
| Services and other | - | - | 12,500 | 12,500 |
| Ending balance as per MD&A | 50,000 | 73,375 | 12,500 | 135,875 |

| Three months ended June 30 2016<br>$ | Term or Annual Renewable (Licences and Other) | Maintenance and support | Consulting Services and Other Income | Ending Balance as per Financial Statements |
|---|---|---|---|---|
| Term licences, maintenance and support | 50,000 | 57,600 | - | 107,600 |
| Services and other | - | - | - | - |
| Ending balance as per MD&A | 50,000 | 57,600 | - | 107,600 |

| Six months ended June 30 2017<br>$ | Term or Annual Renewable (Licences and Other) | Maintenance and support | Consulting Services and Other Income | Ending Balance as per Financial Statements |
|---|---|---|---|---|
| Term licenses, maintenance and support | 106,000 | 146,028 | - | 252,028 |
| Services and other | - | - | 12,500 | 12,500 |
| Ending balance as per MD&A | 106,000 | 146,028 | 12,500 | 264,528 |

| Six months ended June 30 2016<br>$ | Term or Annual Renewable (Licences and Other) | Maintenance and support | Consulting Services and Other Income | Ending Balance as per Financial Statements |
|---|---|---|---|---|
| Term licenses, maintenance and support | 100,000 | 117,600 | - | 217,600 |
| Services and other | - | - | 13,000 | 13,000 |
| Ending balance as per MD&A | 100,000 | 117,600 | 13,000 | 230,600 |

## EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION ("EBITDA")

EBITDA is a measure used by management to evaluate operational performance. It is also a common measure that is reported on and used by investors in determining a company's ability to incur and service debt as well as a valuation methodology. Management believes EBITDA enhances the information provided in the Financial Statements. EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance. EBITDA should not be used as an exclusive measure of cash flows because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the interim statements of cash flows.

The following chart reflects the Company's calculation of EBITDA:

| EBITDA | Three months ended June 30 2017 $ | Three months ended June 30 2016 $ | Six months ended June 30 2017 $ | Six months ended June 30 2016 $ |
|---|---|---|---|---|
| **Net loss** | (439,792) | (449,427) | (805,005) | (681,296) |
| **Add: Interest** | 131 | 231,183 | 758 | 231,183 |
| **Add: Depreciation and impairment** | 490 | 1,211 | 979 | 2,423 |
| **Add: Tax expense (recovery)** | - | - | - | - |
| **EBITDA** | (439,171) | (217,033) | (803,268) | (447,690) |

## ADJUSTED EBITDA

Adjusted EBITDA, defined as Earnings before Interest, Taxation, Depreciation, Amortization, and Share Based Compensation expense is an additional measure used by management to evaluate cash flows and the Company's ability to service debt. Adjusted EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance.

The following chart reflects the Company's calculation of Adjusted EBITDA:

| Adjusted EBITDA | Three months ended June 30 2017 $ | Three months ended June 30 2016 $ | Six months ended June 30 2017 $ | Six months ended June 30 2016 $ |
|---|---|---|---|---|
| **EBITDA as above** | (439,171) | (217,033) | (803,268) | (447,690) |
| **Add: Stock based compensation expense** | 3,554 | 250,000 | 83,645 | 250,000 |
| **Adjusted EBITDA** | (435,617) | 32,967 | (719,623) | (197,690) |

## Risks and Uncertainties

The Company operates in a dynamic environment that exposes it to a number of risks and uncertainties that may adversely impact the business, financial condition, and/or results of operations. If any of these risks actually occur, the Company's business, financial condition and/or results of operations could be materially harmed.

Please refer to the annual financial statements and management's discussion and analysis report for the year ended December 31, 2016 for a listing of some, but not all, of the risks and uncertainties affecting the Company. These documents can be found at www.sedar.com.

## FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budgets”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or “recurring”, or variations of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including but not limited to: the ability of the issuer to obtain financing if required; the economy generally; consumer interest in the services and products of the Company; competition; and anticipated and unanticipated costs. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements except as may be required by applicable securities legislation. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.