FILING STATEMENT OF

REVELSTOKE EQUITY INC.

TO BE RENAMED

ZONETAIL INC.

**IN RESPECT OF THE QUALIFYING TRANSACTION OF
REVELSTOKE EQUITY INC.**

INVOLVING THE BUSINESS COMBINATION OF

ZONETAIL INC.

AND

REVELSTOKE SUBCO INC.

A WHOLLY-OWNED SUBSIDIARY OF REVELSTOKE EQUITY INC.

NOVEMBER 5, 2018

NEITHER THE TSX VENTURE EXCHANGE INC. NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE QUALIFYING TRANSACTION DESCRIBED IN THIS FILING STATEMENT.

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GLOSSARY

“**Acquisition Proposal**” means, with respect to Revelstoke or Zonetail, as the case may be, (for purposes of this definition, the “**Targeted Party**”) and for certainty excluding the transactions contemplated by the Merger Agreement (including without limitation the Transactions), and including without limitation, any inquiry or the making of any proposal or offer, or public announcement of an intention to make a proposal or offer, to the Targeted Party or its securityholders from any Person or group of Persons “acting jointly or in concert” (within the meaning of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*) which constitutes, or may be reasonably expected to lead to (in either case whether in one transaction or a series of transactions): (i) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution or winding-up in respect of the Targeted Party; (ii) any sale of assets (or any lease, long-term supply arrangement, licence or other arrangement having the same economic effect as a sale) of the Targeted Party or its subsidiaries representing 20% or more of the consolidated assets, revenues or earnings of the Targeted Party; and (iii) any arrangement whereby effective operating control of the Targeted Party is granted to another party.

“**Additional Financing Agent’s Compensation Warrants**” has the meaning ascribed to that term under *“Summary of the Filing Statement – The Financing”*.

“**Additional Financing**” has the meaning ascribed to that term under *“Summary of the Filing Statement – The Financing”*.

“**Additional Zonetail Shares**” has the meaning ascribed to that term under *“Summary of the Filing Statement – Summary of the Qualifying Transaction”*.

“**Affiliate**” means a Company that is affiliated with another Company as described below. A Company is an “Affiliate” of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person. A Company is “controlled” by a Person if:

(i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company. A Person beneficially owns securities that are beneficially owned by:

(1) a Company controlled by that Person, or

(2) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"**Agents**" means Gravitas Securities Inc., Canaccord Genuity Corp. and Beacon Securities Limited.

"**Agents' Compensation Warrants**" has the meaning ascribed to that term under *"Summary of the Filing Statement – The Financing"*, and for greater clarity, shall include the Agents' Work Fee Warrants and the Additional Financing Agent's Compensation Warrants.

"**Agents' Work Fee Warrants**" has the meaning ascribed to that term under *"Summary of the Filing Statement – The Financing"*.

"Agency Agreement" means the agency agreement dated July 13, 2018 among Zonetail, Revelstoke and the Agents in respect of the Financing, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**Amalco**" means the corporation to be formed by the amalgamation of Zonetail and Sub Co pursuant to the Merger and which will be a wholly-owned subsidiary of the Resulting Issuer.

"**app**" means a software application or computer program.

"**Arm's-Length Transaction**" means a transaction which is not a Related Party Transaction.

"**Articles of Amalgamation**" means the articles of amalgamation filed with the Ministry of Government Services under section 176 of the OBCA amalgamating Zonetail and Sub Co pursuant to the terms of the Merger Agreement.

"Articles of Continuance" means the articles of continuance to be filed by Zonetail in order to effect the Continuance.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him or it to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

(d) in the case of a Person that is an individual, a relative of that Person, including

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his or her spouse who has the same residence as that Person;

but

(e) where the TSXV determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSXV's Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

"**Capital Pool Company**" shall have the meaning prescribed thereto in the TSXV Corporate Finance Manual and "CPC" shall mean Capital Pool Company.

"**CBCA**" means the *Canada Business Corporations Act*.

"**Closing**" means the completion of the Merger pursuant to the Merger Agreement on the Closing Date.

"**Closing Date**" means November 8, 2018, or such other date as may be mutually agreed to in writing between Zonetail and Revelstoke.

"**Commission**" has the meaning ascribed to that term under *"Summary of the Filing Statement – The Financing"*.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion Deadline**" means the date by which the Transactions are to be completed, which date shall be no later than November 30, 2018, or such other date as agreed to in writing by Zonetail and Revelstoke.

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the TSXV.

"**Continuance**" means the continuance of Zonetail from the CBCA to the OBCA;

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**CPC Escrow Shares**" means those Revelstoke Shares being held in escrow pursuant to the CPC Escrow Agreement.

"**CPC Policy**" means Policy 2.4 – *Capital Pool Companies* of the TSXV.

"**Debtholders**" means those Persons who have entered into a debt conversion agreement with Zonetail in connection with the Debt Conversion.

"**Debt Conversion**" has the meaning ascribed to that term under *"Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts"*.

"**Debt Conversion Units**" has the meaning ascribed to that term under *"Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts"*.

"**Debt Conversion Warrants**" has the meaning ascribed to that term under *"Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts"*.

"**Effective Date**" means the effective date of the amalgamation of Zonetail and Sub Co pursuant to the Merger as set forth in the certificate of amalgamation endorsed by the Director giving effect to such amalgamation.

"**Effective Time**" means 12:01 a.m. (Eastern Daylight Time) on the Effective Date.

"**Escrow Release Conditions**" has the meaning ascribed to that term under *"Part II – Information Concerning Zonetail – Description of the Securities – Financing"*.

"**Escrow Release Date**" has the meaning ascribed to that term under *"Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts"*.

"**Escrowed Funds**" has the meaning ascribed to that term under *"Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts"*.

"**Escrowed Proceeds**" has the meaning ascribed to that term under *"Summary of the Filing Statement – The Financing"*.

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange.

"**Exchange Policy 5.4**" means Exchange Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions.*

"**Exchange Ratio**" means the number of Revelstoke Shares to be issued to each holder of Zonetail Shares in exchange for each Zonetail Share held pursuant to the Merger Agreement, which is fixed at 1:1, and the Exchange Ratio shall also apply to determine the number of Resulting Issuer Options each holder of Zonetail Options shall be entitled to, to determine the number of Resulting Issuer Warrants each holder of Zonetail shall be entitled to, and to determine the number of Resulting Issuer Warrants each holder of Debt Conversion Warrants shall be entitled to, as provided for in the Merger Agreement.

"**Filing Statement**" means this filing statement of Revelstoke dated November 5, 2018.

"**Final Exchange Bulletin**" means the TSXV bulletin issued following closing of the Merger and the submission of all required documentation and that evidences the final acceptance of the Merger by the TSXV.

"**Financing**" means the brokered private placement of 11,130,092 Subscription Receipts by Zonetail for aggregate gross proceeds of $2,003,416.56.

“**IFRS**” means International Financial Reporting Standards.

“**Initial Amalgamation**” means the amalgamation of Zonetail and Sub Co pursuant to the Merger Agreement.

“**Insider**” if used in relation to an issuer, means:

(a) a director or senior officer of an issuer;

(b) a director or senior officer of the Company that is an Insider or subsidiary of an issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of an issuer; or

(d) an issuer itself if it holds any of its own securities.

“**Issuer**” or “**Revelstoke**” means Revelstoke Equity Inc., a corporation incorporated under the OBCA.

“**Jet Power**” means Jet Power & Control Systems Ltd.

“**Jet Power Letter of Intent**” means the letter agreement between Revelstoke and Jet Power dated January 3, 2017, as amended on February 28, 2017 and as further amended on May 23, 2017, and terminated on January 8, 2018 in accordance with its terms, with respect to a proposed business combination between the parties;

“**Lead Agent**” means Gravitas Securities Inc.

“**Letter of Intent**” means the letter agreement between Revelstoke and Zonetail dated January 29, 2018 with respect to the Merger;

“**Liquidation Event**” has the meaning ascribed thereto under *“Part III – Information Concerning the Resulting Issuer – Description of Securities”*.

“**Lock-up Period**” has the meaning ascribed to that term under the heading *“Summary of the Filing Statement – The Financing”*.

“**Locked-up Securities**” has the meaning ascribed to that term under the heading *“Summary of the Filing Statement – The Financing”*.

“**MD&A**” means Management’s Discussion & Analysis.

“Merger” means the combination of the businesses of Zonetail and Revelstoke by way of a three cornered amalgamation of Sub Co and Zonetail under Section 178 of the OBCA pursuant to which the resulting post-amalgamation corporation will become a wholly-owned subsidiary of the Revelstoke in accordance with the Merger Agreement, together with the Subsequent Amalgamation.

"**Merger Agreement**" means the merger agreement dated November 5, 2018 among Zonetail, Revelstoke and Sub Co, as the same may be amended, restated, supplemented or otherwise modified from time to time, providing for, among other things, the Merger.

"**Member**" has the meaning ascribed to that term in the TSXV Corporate Finance Manual.

"Name Change" means the change in the name of Revelstoke to "Zonetail Inc." pursuant to the Subsequent Articles of Amalgamation.

"**New Slate**" means the board of directors of the Resulting Issuer following the completion of the Merger, which will consist of six (6) members, all of whom will be nominated by Zonetail.

"**Non-Arm's Length Party**" means: (a) in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons; and (b) in relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

"**OBCA**" means the *Business Corporations* Act (Ontario), as amended.

"**Original Zonetail Letter of Intent**" means the letter agreement between Revelstoke and Zonetail Inc. dated September 14, 2015 and terminated on November 30, 2015 in accordance with its terms, with respect to a proposed business combination between the parties.

"**Offer**" has the meaning ascribed to that term under *"Part III – Information Concerning the Resulting Issuer – Description of the Securities"*.

"**Person**" means a company or an individual.

"**Personal Information**" means any information about an identifiable individual and includes information contained in any items in this Filing Statement that are analogous to items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of TSXV Form 3B2, as applicable.

"**Promoter**" means, if used in relation to an issuer, a person who (a) acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue, but does not include a person who (c) receives securities or proceeds referred to in paragraph (b) solely (i) as underwriting commissions, or (ii) in consideration for property, and (d) does not otherwise take part in founding, organizing or substantially reorganizing the business.

“**Qualifying Transaction**” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

“**Related Party Transaction**” has the meaning ascribed to that term under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“**Release Event**” has the meaning ascribed to that term under *“Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts”*.

“**Release Notice**” has the meaning ascribed to that term under *“Part II – Information Concerning Zonetail – Description of the Securities – Subscription Receipts”*.

“**Resulting Issuer**” means Zonetail Inc. (formerly Revelstoke) following the completion of the Merger, including the Subsequent Amalgamation, and the issuance of the Final Exchange Bulletin.

“**Resulting Issuer Options**” means the common share purchase options of Zonetail which, following the completion of the Merger, will entitle the holders to purchase, in lieu of Zonetail Shares, the same number of Resulting Issuer Shares, each at the same exercise per share.

“**Resulting Issuer Warrants**” means the common share purchase warrants of Zonetail which, following the completion of the Merger, will entitle the holders to purchase, in lieu of Zonetail Shares, the same number of Resulting Issuer Shares, each at the same exercise per share.

“**Resulting Issuer Shares**” means the common shares in the capital of the Resulting Issuer.

“**Revelstoke**” means Revelstoke Equity Inc.

“**Resulting Issuer Option Plan**” means the incentive stock option plan of the Resulting Issuer to be effective upon completion of the Merger.

“**Revelstoke Options**” means the 428,930 options to purchase Revelstoke Shares granted to directors and officers of Revelstoke following the completion of its initial public offering.

“**Revelstoke Shares**” means the common shares of Revelstoke as constituted on the date hereof.

“**Shareholder Approval Matters**” means the following matters to be approved by shareholders of Zonetail at the Zonetail Meeting: (a) the election of the New Slate; (b) the Continuance; and (c) the Merger.

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by Revelstoke, together with any other concurrent transactions, would result in Revelstoke meeting the initial listing requirements of the TSXV.

"**Sub Co**" means Revelstoke SubCo Inc., a wholly-owned subsidiary of Revelstoke incorporated pursuant to the OBCA to facilitate the completion of the Merger.

"**Subsequent Amalgamation**" means, following the merger of Zonetail and Sub Co, the intended vertical amalgamation of Amalco and Revelstoke pursuant to section 177 of the OBCA.

"**Subsequent Articles of Amalgamation**" means the articles of amalgamation filed pursuant to section 177 of the OBCA amalgamating Amalco and Revelstoke and changing the name to "Zonetail Inc."

"**Subscription Receipt Agent**" means TSX Trust Company, as subscription receipt agent appointed pursuant to the terms of the Subscription Receipt Agreement.

"**Subscription Receipt Agreement**" means the subscription receipt agreement entered into by Zonetail, the Lead Agent and the Subscription Receipt Agent on July 13, 2018.

"**Subscription Receipts**" means the subscription receipts issued by Zonetail pursuant to the Financing, each of which shall automatically be deemed to be exchanged into one Zonetail Share upon satisfaction of the Escrow Release Conditions (and ultimately being exchange for one Resulting Issuer Share upon completion of the Merger).

"**Superior Proposal**" means a bona fide Acquisition Proposal that is made in writing after the date hereof to Revelstoke or Zonetail, as the case may be, (for purposes of this definition, the "**Targeted Party**") that the board of directors of the Targeted Party determines in good faith after consultation with its legal and financial advisors: (i) is made to the Targeted Party or all the Targeted Party common shareholders and in compliance with applicable securities laws; (ii) that funds or other consideration necessary for the consummation of such Acquisition Proposal are available to ensure that the third party will have the funds or other consideration necessary for the consummation of the Acquisition Proposal; (iii) if consummated in accordance with its terms, would result in a transaction at least 15% financially superior for the Targeted Party and its securityholders than the transactions contemplated by the Merger Agreement; (iv) is reasonably capable of completion in accordance with its terms taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (v) that the taking of action in respect of such Acquisition Proposal is necessary for the board of directors of the Targeted Party in the discharge of its fiduciary duties under applicable laws.

"**Termination Date**" means the earlier of: (i) the date on which the Subscription Receipt Agent receives a written notice from Zonetail and the Lead Agent addressed to the Subscription Receipt Agent indicating that the Release Event will not be completed; provided that if such notice is not received on a business day or is received after 5:00 p.m. (Toronto time) on a business day, the Termination Date shall be the next business day; and (ii) one hundred and twenty days following the closing of the purchase and sale of the Subscription Receipts or any other later date determined by the holders of the Subscription Receipts by way of extraordinary resolution in accordance with the terms and conditions of the Subscription Receipt Agreement.

"**Transactions**" means the Continuance, the Merger and the Financing.

“**Transfer**” has the meaning ascribed to that term under the heading *“Summary of the Filing Statement – The Financing”*.

“**TSXV Corporate Finance Manual**” means the Corporate Finance Manual of the TSXV.

“**TSXV Escrow Agreement**” means an escrow agreement to be entered into between certain securityholders of Zonetail, the Resulting Issuer and the escrow agent pursuant to which certain securities held by various Zonetail securityholders will be subject to escrow in accordance with applicable Exchange policies.

“**Zonetail**” means Zonetail Inc., a corporation incorporated under the CBCA.

“**Zonetail Board**” means the board of directors of Zonetail.

“**Zonetail Circular**” means the management information circular dated October 12, 2018 prepared in connection with the Zonetail Meeting.

“**Zonetail Meeting**” means the special meeting of shareholders of Zonetail to be held on October 19, 2018, as it may be adjourned or postponed, to approve, among other things, the Shareholder Approval Matters.

“**Zonetail Meeting Notice**” means the notice that Zonetail mailed to its shareholders in connection with the Zonetail Meeting.

“**Zonetail Options**” means the outstanding options to purchase Zonetail Shares existing as of the closing of the Merger, of which 1,044,000 Zonetail Options are issued and outstanding as at the date hereof.

“**Zonetail Shares**” means the common shares in the capital of Zonetail as constituted on the date hereof.

“**Zonetail Warrants**” means all issued and outstanding warrants of Zonetail exercisable for Zonetail Shares as at the date of this filing statement, as further described under the heading *“Part II – Information Concerning Zonetail – Description of the Securities – Zonetail Warrants”*. For further clarity, Zonetail Warrants do not include Debt Conversion Warrants.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless otherwise noted, all currency amounts in this Filing Statement are expressed in Canadian dollars. On November 5, 2018, the exchange rate for U.S. dollars, as quoted by the Bank of Canada, was C$1.00 = US$0.7636.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING INFORMATION

This Filing Statement contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that Zonetail, Revelstoke and/or the Resulting Issuer anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations and future actions of the Resulting Issuer. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results “may”, “could”, “would”, “might” or “will” (or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking information is based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this Filing Statement, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of Zonetail or the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors may be based on information currently available to Zonetail and the Resulting Issuer, including information obtained from third-party industry analysts and other third party sources, and are based on management’s current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Any and all forward-looking information contained in this Filing Statement is expressly qualified by this cautionary statement.

Forward-looking information contained in this Filing Statement include statements about: satisfying the Escrow Release Conditions, anticipated use of proceeds from the Financing; stability and growth of the global hotel industry; continued reliance of consumers on mobile device applications; the acceptance by hotels/condos and consumers of new technologies; the acceptance by hotels/condos and consumers of blockchain related technologies; Zonetail’s ability to attract agreements with new hotels/condos and develop and maintain existing agreements with hotels/condos; Zonetail’s ability to retain key personnel; Zonetail’s expectations with respect to its ability to develop future generations of the application; Zonetail’s ability to develop a hotel booking platform using blockchain technology; regulatory developments (including in respect of blockchain) and the regulatory environments in which Zonetail operates; Zonetail’s competitive position and its expectations regarding competition (including other developers of blockchain hotel booking platforms); trends in the hotel industry and markets; Zonetail’s ability to expand its sales and distribution infrastructure and our marketing in order to attract advertisers; its ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by competitors and changing client preferences and requirements; its ability to protect its technology and intellectual property rights; Zonetail’s ability to avoid IT systems-related failures, data privacy risks and obligations, and/or security breaches; expectations regarding Zonetail’s revenue, expenses and operations; anticipated industry trends; revenue growth guidance; future growth plans and growth strategy; anticipated future development dates in connection with future versions of the application and the Condo app; completion of the Merger; satisfying the conditions precedent and covenants in the Merger Agreement; satisfying the requirements of the TSXV with respect to the Qualifying Transaction; meeting the minimum listing requirements of the Exchange or the TSXV, and anticipated and unanticipated costs and other factors references in this Filing Statement, including, but not limited to, those set forth under “*Risk Factors*”.

A number of risks, uncertainties and other factors could cause actual results to differ materially from the results discussed in the forward-looking information, including the factors discussed in the section entitled *"Risk Factors"* in this Filing Statement.

Forward-looking information reflects Zonetail's current beliefs and is based on information currently available to Zonetail and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this Filing Statement in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: lack of profitability in the future; Zonetail's history of losses; no assurance that any of the contemplated products will generate sustainable earnings or provide a return on investment in the future; no market for the securities of Zonetail; limited operating history as a development stage company; shares in Zonetail are not freely tradable during a restricted period under securities laws; dependence on certain entities for advertisement placement; competition within Zonetail's markets; the requirement to develop the "Zonetail" brand in order for Zonetail to be successful; rapid technology developments in Zonetail's markets and the dynamic nature of the hotel industry; possible defects in products and services delivered by Zonetail; risks associated with loss or theft of user data gathered by Zonetail; risks associated with entering new business areas and geographic markets; risks associated with building Zonetail's operations and financial infrastructure as it scales its business; defects in Zonetail's information technology infrastructure; Zonetail's reliance on communications networks owned by the third parties; the Zonetail app's reliance on third-party platforms; risks from potential failure of Zonetail's systems; risks associated with displaying third party content; risk related to Zonetail's dependence on key personnel; risks from periodic litigation involving Zonetail; risk related to increased competition in the hotel industry; risks related to declines or distributions in the hotel and travel industries; payments-related and fraud risks; risks of hacking, theft or exploitation of blockchain; risk relating the regulatory regime governing blockchain; risks related to the acceptance of blockchain technologies; risks related to regulatory changes concerning cryptocurrencies; risks related to banking services and cryptocurrencies; risks associated with potential intellectual property actions; risks related to Zonetail's dependence on mobile data networks; risks related to Zonetail's dependence on the internet; risks related to the government regulation of mobile data networks and the internet; Zonetail's ability to raise adequate capital; dependence on the internet; the additional regulatory burden as a public company; changes in accounting and tax rules (whether expected or unexpected). Although Zonetail and Revelstoke have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this Filing Statement and, other than as required by law, Zonetail and Revelstoke disclaim any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information 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 information.

This Filing Statement also contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, while other information is based on Zonetail's internal sources. Although Zonetail believes that these third-party sources referred to in this Filing Statement are reliable, neither Zonetail nor the Issuer has independently verified the information provided by these third parties. While Zonetail is not aware of any misstatements regarding any third-party information presented in this Filing Statement, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed under *"Risk Factors"*.

INFORMATION CONCERNING ZONETAIL

The information contained or referred to in this Filing Statement relating to Zonetail has been furnished by Zonetail. In preparing this Filing Statement, Revelstoke has relied upon Zonetail to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Zonetail.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Revelstoke, Zonetail and, assuming completion of the Merger, the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Capitalized terms used in this summary, and not defined in this summary, have the respective meanings provided in the Glossary or elsewhere in this Filing Statement. No Person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any Person in any jurisdiction.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Filing Statement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Filing Statement.

Revelstoke

Revelstoke is a corporation existing under the laws of the Province of Ontario and formed as a CPC. The principal business of Revelstoke is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses for the completion of a Qualifying Transaction and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval, where required, and acceptance for filing by the TSXV.

The Revelstoke Shares began trading on the Exchange effective August 18, 2015 under the symbol “REQ.P”. On September 14, 2015, Revelstoke entered into the Original Zonetail Letter of Intent and trading in the Revelstoke Shares was halted. The Original Zonetail Letter of Intent was terminated on November 30, 2015 in accordance with its terms. On January 3, 2017, Revelstoke entered into the Jet Power Letter of Intent, which letter of intent terminated on January 8, 2018 in accordance with its terms and trading was resumed. Concurrently with the termination of the Jet Power Letter of Intent, Revelstoke applied for a reinstatement to trading on the NEX board of the TSXV where its symbol was changed from REQ.P to REQ.H.

On January 31, 2018, trading of Revelstoke Shares was halted in connection with the entering into of the Letter of Intent on January 29, 2018 in connection with the proposed Merger.

On January 30, 2018, the last trading day prior to the trading halt, the closing price of the Revelstoke Shares was $0.11. Trading of the Revelstoke Shares will not resume prior to the completion of the Merger. Revelstoke has made an application to list the Resulting Issuer Shares issuable in connection with the Merger on the TSXV. There is no assurance that such application will be approved by the TSXV. See *"Part I – Information Concerning the Issuer"* and *"Risk Factors"*.

Zonetail

Zonetail is a corporation incorporated under the CBCA. On October 19, 2018, Zonetail filed the Articles of Continuance in order to continue under the OBCA. Zonetail is headquartered in Toronto, Ontario with a satellite office in Pasadena, California. Founded in 2013, Zonetail's technology is an anchored local mobile content engine that connects users with their location and surroundings. It is designed to save time and make locations more familiar, social, and rewarding. More than a mobile application, Zonetail's technology platform is a cloud-based content management system. Zonetail currently provides their mobile platforms to hotels and condominiums across North America. Zonetail is currently exploring the implementation of blockchain technology into the hotel and condominium mobile platforms to enhance the current business model and revenue streams.

There is currently no public market for the Zonetail Shares.

Sub Co

Sub Co was incorporated under the OBCA on October 11, 2018 and is a wholly-owned subsidiary of Revelstoke. It was incorporated for the purpose of facilitating the Merger as described in this Filing Statement.

The Financing

As a condition precedent to closing of the Merger, Zonetail completed the Financing and issued 11,130,092 Subscription Receipts, at a price of $0.18 per Subscription Receipt, for aggregate gross proceeds of $2,003,416.56. In addition to the Financing, Zonetail has received subscription agreements for an additional 833,356 Zonetail Shares for aggregate gross proceeds of $150,004 at $0.18 per Zonetail Share (the "**Additional Financing**"). In connection with the Additional Financing, Canaccord Genuity Corp., who acted as the broker in connection with a portion of the Additional Financing, received a cash commission of $2,500 and 13,888 warrants exercisable at $0.18 per Zonetail Share (or if exercised after closing of the Merger, per Resulting Issuer Share), from the date of the Merger and for a period of 6 months (the "**Additional Financing Agent's Compensation Warrants**").

Zonetail plans to close the Additional Financing immediately prior to the Merger.

The proceeds from the Financing (less $100,000 from a subscription that settled directly with Zonetail and less certain expenses of the Agents in connection with the Financing) are presently being held in escrow (the "**Escrowed Proceeds**") with the Subscription Receipt Agent until the satisfaction of the Escrow Release Conditions, as described below, and pursuant to the terms of the Subscription Receipt Agreement entered into among Zonetail, the Lead Agent and the Subscription Receipt Agent.

Upon satisfaction of the Escrow Release Conditions and the delivery of the executed Release Notice to the Subscription Receipt Agent, the Escrowed Proceeds (less the Commission and applicable interest) plus any interest accrued and actually earned thereon shall be released from escrow to Zonetail, or as Zonetail may otherwise direct, and immediately prior to the closing of the Merger, each Subscription Receipt shall automatically be deemed to be exchanged, without any further action on the part of the holder or payment of additional consideration, into one Zonetail Share (with each such Zonetail Share being exchanged for one Resulting Issuer Share under the terms of the Merger). In the event that the Escrow Release Conditions are not satisfied on or before the deadline stipulated in the Subscription Receipt Agreement, the gross proceeds will be returned to the holders of Subscription Receipts and the Subscription Receipts will be automatically cancelled.

Pursuant to the Financing, the Agents will receive a cash commission (the "**Commission**") equal to 8% of the gross proceeds of the Financing, other than certain subscriptions in the amount of: (i) $444,999.96, for which the Commission was reduced to 6%; and (ii) $250,000.08, in respect of which no Commission will be payable. 25% of the Commission was paid to the Agents at closing of the Financing and the remaining 75% shall be paid to the Agents by the Subscription Receipt Agent from the Escrowed Funds upon satisfaction of the Escrow Release Conditions. As additional compensation, the Agents were also granted warrants by Zonetail (the "**Agents' Compensation Warrants**") to acquire that number of Zonetail Shares equal to 8% of the total number of Subscription Receipts sold under the Financing, other than certain subscriptions in the amount of: (i) $444,999.96, for which the percentage of Agents' Compensation Warrants issued was reduced to 6%; and (ii) $250,000.08, in respect of which no Agents' Compensation Warrants were payable. Each Agents' Compensation Warrant will be exercisable at $0.18 per Zonetail Share (or if exercised after closing of the Merger, per Resulting Issuer Share), from the closing date of the Financing and for a period of 24 months from the Escrow Release Date. In consideration of the Agents' services in connection with the coordination and review of the Financing, Zonetail has issued to the Agents 222,602 Zonetail Shares which is equal to 2% of the aggregate number of Subscription Receipts issued pursuant to the Financing. In addition to the foregoing compensation, Zonetail (i) has also paid to the Agents a fee equal to $8,000 plus applicable tax; and (ii) has issued to the Agents, 44,445 warrants (the "**Agent Work Fee Warrants**"), as a work fee. Each Agent Work Fee Warrant is exercisable on the same terms as the Agents' Compensation Warrants.

Zonetail Meeting

On October 19, 2018, Zonetail held the Zonetail Meeting. At the Zonetail Meeting, Zonetail shareholders approved, among other things, each of the Shareholder Approval Matters.

Summary of the Qualifying Transaction

As announced in a press release dated January 31, 2018, Revelstoke and Zonetail entered into the Letter of Intent on January 29, 2018 in connection with the proposed Merger. Subject to any regulatory or other approvals that may be required, the completion of satisfactory due diligence by Revelstoke and Zonetail, and the satisfaction of other conditions contained in the Merger Agreement, the Merger will occur via a three-cornered amalgamation under the OBCA.

Pursuant to the Merger Agreement, Revelstoke will issue to each Person who is, immediately prior to the completion of the Merger, a holder of Zonetail Shares, one Resulting Issuer Share in accordance with the Exchange Ratio. The deemed issue price per Revelstoke Share is $0.18 per share.

Subject to receipt of all required regulatory approvals, each Zonetail Option, Zonetail Warrant and Debt Conversion Warrant outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Options or Resulting Issuer Warrants, as applicable, as such holder is entitled to receive in accordance with the Exchange Ratio, with such Resulting Issuer Options and such Resulting Issuer Warrants having substantially the same terms as the Zonetail Option, Zonetail Warrant or Debt Conversion Warrant, as the case may be. For further details, please see the discussion under the heading *"Part III – Information Concerning the Resulting Issuer – Outstanding Zonetail Options"*.

In the event Zonetail issues Zonetail Shares prior to the completion of the Merger, including pursuant to any exercise of any Zonetail Option or Zonetail Warrant by the holders thereof (collectively, "**Additional Zonetail Shares**"), that results in an increase in the number of Zonetail Shares anticipated to be outstanding immediately prior to the completion of the Merger, the number of outstanding Resulting Issuer Shares on a post-Merger basis will increase and former shareholders of Zonetail will hold such additional Resulting Issuer Shares. References throughout this Filing Statement to the number of Zonetail Shares anticipated to be outstanding immediately prior to the completion of the Merger and the number of Resulting Issuer Shares anticipated to be outstanding following the completion of the Merger, together with the percentage holdings of various Persons both before and after giving effect to the Merger, do not give effect to the issuance of any Additional Zonetail Shares unless otherwise indicated.

Arm's Length Qualifying Transaction

The proposed Merger is not a Non-Arm's Length Qualifying Transaction.

Effect of the Merger

Revelstoke and Zonetail intend to complete the Merger pursuant to the Merger Agreement. Upon the terms and conditions of the Merger Agreement and pursuant to the applicable provisions of the OBCA, Zonetail and Sub Co will amalgamate and will continue as one corporation named "Zonetail Inc.". Immediately thereafter, Zonetail Inc. will then amalgamate with Revelstoke and will continue as one corporation named "Zonetail Inc." Please see the discussion under the heading *"The Merger"*.

Interests of Insiders, Promoter or Control Person of Revelstoke, Zonetail and the Resulting Issuer

The following is a summary of the interests of any Insider, Promoter or Control Person of Revelstoke, Zonetail and the Resulting Issuer and their respective Associates and Affiliates (before and after giving effect to the Merger), including any consideration that such individual may receive if the Merger proceeds.

Insiders, Promoter, Control Person	Position	Number of Zonetail Shares prior to giving effect to the Merger(1)(2)	Number of Revelstoke Shares prior to giving effect to the Merger(1)(2)	Number of Resulting Issuer Shares upon Completion of the Merger (2)(3)
Craig Leon	Director, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of Revelstoke	816,000(4)	375,000	1,191,000
Tim Leon	Director of Revelstoke	Nil	25,000	25,000
Anton Konovalov	Director of Revelstoke	Nil	341,000	341,000
Mark Holmes	Director, Chief Executive Officer and Founder of Zonetail	5,938,223 (5)	Nil	5,938,223
Ken Singh	Director of Business Development of Zonetail	250,000 (6)	Nil	250,000
Brian Davies	Vice President of Sales of Zonetail	Nil	Nil	Nil
Daniel Crandall	Chief Financial Officer of Zonetail	Nil	Nil	Nil
William Rogers	Director of Zonetail	Nil	Nil	Nil
Adam Topp	Director of Zonetail	98,970	Nil	98,970
Paul Scott	Director of Zonetail	2,899,821	Nil	2,899,821
Reetu Gupta	Director of Zonetail	Nil	Nil	Nil (7)
David Oliver	Director of Zonetail	45,833	Nil	286,200

Insiders, Promoter, Control Person	Position	Number of Zonetail Shares prior to giving effect to the Merger(1)(2)	Number of Revelstoke Shares prior to giving effect to the Merger(1)(2)	Number of Resulting Issuer Shares upon Completion of the Merger (2)(3)
Peter Holmes (8)	Insider of Zonetail	5,898,612	Nil	5,898,612
Dean Curtis (8)	Insider of Zonetail	6,000,000	Nil	6,000,000

Notes:

(1) Assuming no exercise of outstanding Zonetail Options or Zonetail Warrants following the date hereof or the issuance of any Additional Zonetail Shares prior to the completion of the Merger, there will be approximately 58,403,875 Zonetail Shares outstanding prior to the completion of the Merger. Assuming no exercise of any outstanding convertible securities of Revelstoke following the date hereof, there will be 3,789,300 Revelstoke Shares outstanding prior to the completion of the Merger.

(2) Upon completion of the Merger, it is expected there will be approximately 62,193,175 Resulting Issuer Shares issued and outstanding. Percentages are based on the anticipated aggregate number of Resulting Issuer Shares expected to be outstanding upon completion of the Merger.

(3) The information as to the number of securities, not being within the direct knowledge of Revelstoke or Zonetail, has been furnished by the respective individuals and may include shares owned or controlled by spouses and/or children or such Persons and/or companies controlled by such Persons or their spouses and/or children.

(4) Craig Leon beneficially holds 816,000 Zonetail Shares through Rangercap Inc.

(5) Mark Holmes received an additional 753,611 Zonetail Shares as repayment of certain shareholder loans made to Zonetail and an additional 500,000 Zonetail Shares pursuant to his employment agreement, in lieu of income.

(6) Ken Singh received 250,000 Zonetail Shares pursuant to his employment agreement, in lieu of income.

(7) Rogue Insight Capital Inc., of which Reetu Gupta is a principal, will hold 2,000,000 Resulting Issuer Shares on account of the Subscription Receipts acquired by Rogue Insight Capital Inc. pursuant to the Financing.

(8) Peter Holmes and Dean Curtis will not be insiders of the Resulting Issuer.

Available Funds and Principal Purposes

Funds Available

The total funds available to the Resulting Issuer after giving effect to the Merger, Financing and Additional Financing is estimated to be approximately $2,299,789 which includes the following:

(a) the net proceeds from the Financing of $1,679,378, less the Commission and certain expenses of the Agents in connection with the Financing;

(b) the net proceeds from the Additional Financing of $147,504;

(c) the net cash and cash equivalents of Revelstoke of $388,682 as at June 30, 2018;

(d) the net cash equivalents of Zonetail of $36,225 as at June 30, 2018, less $1,000 of advances repaid; and

(e) the net proceeds of $325,000, less $277,000 spent to September 30, 2018, received from the subsequent bridge financing.

The Resulting Issuer estimates a consolidated working capital of $1,440,842 as at September 30, 2018 after giving effect to the Merger, Financing and Additional Financing.

Principal Purposes of Funds

The funds available to the Resulting Issuer are expected to be used, principally, as follows:

Principal Use of Funds[(1)(2)]	**Amount ($)**
Technical Development	240,000
Marketing	35,000
Investor Relations and Other Services	200,000
Professional Fees	39,000
Executive Compensation	378,000
General and administrative	387,100
Advances Repayment[(3)]	46,000
Unallocated Funds	115,742
TOTAL	1,440,842

Notes:

(1) The principal use of funds has been prepared based upon anticipated needs of the Resulting Issuer over a 12 month period.

(2) See *"Part III – Information Concerning The Resulting Issuer - Narrative Description of the Business – Milestones"*.

(3) The Advances Repayment relates to the $46,000 owed to Mark Holmes as partial repayment of an unsecured, non-interest bearing shareholder loan.

The Resulting Issuer intends to spend the funds available to it as stated above. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. As the Resulting Issuer's business will be principally conducted from Canada, the Resulting Issuer will maintain the majority of its funds in Canadian dollar accounts with one or more banks located in Canada. See *"Risk Factors"*.

For further details, please see the discussion under the heading *"Part III – Information Concerning the Resulting Issuer-Available Funds and Principal Purposes"*.

Selected *Pro Forma* Consolidated Financial Information

The following table summarizes selected *pro forma* financial information and should be read in conjunction with the *pro forma* financial statements of the Resulting Issuer attached hereto as Exhibit "E". The following table contains financial information derived from financial statements that have been prepared in accordance with IFRS. The *pro forma* financial information is provided for informational purposes only and does not purport to be indicative of results of operations of the Resulting Issuer following the completion of the Merger as of any future date or for any future period.

Pro Forma Balance Sheet (Expressed in Canadian Dollars)	**Revelstoke June 30, 2018**	**Zonetail June 30, 2018**	**Pro Forma Adjustments**	**Resulting Issuer June 30, 2018 Pro Forma (1)**
Current Assets	$388,682	$99,981	$2,150,882	$2,639,545
Non-Current Assets	nil	$13,547	nil	$13,547
Total Assets	$388,682	$113,528	$2,150,882	$2,653,092
Current Liabilities	$16,653	$2,365,628	$(1,418,692)	$963,589
Total Liabilities	$16,653	$2,365,628	$(1,418,692)	$963,589
Total Stockholders' Equity (Deficiency)	$372,029	$(2,252,100)	$3,569,574	$1,689,503
Total Liabilities and Stockholders' Equity	$388,682	$113,528	$2,150,882	$2,653,092

Notes:

(1) The table above should be read in conjunction with the pro forma financial statements of the Resulting Issuer attached hereto as Exhibit "E".

Agent Relationship

In connection with the Financing, Zonetail has entered into the Agency Agreement with the Agents pursuant to which the Agents sold $2,003,416.56 of Subscription Receipts (see *"Part II – Information Concerning Zonetail – Description of the Securities – Financing"*).

Conflicts of Interest

There are no known existing or potential conflicts of interest between the Resulting Issuer or a subsidiary of the Resulting Issuer and a proposed director, officer or promoter of the Resulting Issuer or a subsidiary of the Resulting Issuer.

Certain proposed directors of the Resulting Issuer are, or may in the future be, directors, officers or shareholders of other companies that are, or may in the future be, engaged in the business of, or enter into transactions with, the Resulting Issuer. Such associations and transactions may give rise to conflicts of interest from time to time. See *"Part III – Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Conflicts of Interest"*.

Interest of Experts

No Person, whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Revelstoke, Zonetail or the Resulting Issuer or of an Associate or Affiliate of Revelstoke, Zonetail or the Resulting Issuer, other than as described below.

MNP LLP, the auditors of Revelstoke, audited the annual financial statements of Revelstoke for financial years ended June 30, 2018, 2017, 2016 and 2015 and delivered the Independent Auditor's reports thereon, copies of which are attached as Exhibit "A" to this Filing Statement. MNP LLP has confirmed that it is independent of Revelstoke in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

MNP LLP, the auditors of Zonetail, audited the financial statements of Zonetail for the year ended December 31, 2017 and delivered the Independent Auditor's report thereon, copies of which are attached as Exhibit "C" to this Filing Statement. Neither MNP LLP nor any Associate or Affiliate thereof has any interest, direct or indirect, in Revelstoke, Zonetail or the Resulting Issuer.

Risk Factors

The current business of Zonetail will become the business of the Resulting Issuer upon completion of the Merger. Accordingly, risk factors relating to Zonetail's current business will be risk factors relating to the Resulting Issuer's business. Due to the nature of Zonetail's business, the legal and economic climate in which it operates and its present stage of development, Zonetail is subject to significant risks. Zonetail's future development and operating results may be very different from those expected as at the date of this Filing Statement. Readers should carefully consider all such risks. Risk factors relating to Zonetail include, but are not limited to, the following:

- Zonetail is a development stage business and has not reported significant revenues from incorporation;
- uncertainty of profitability in the future;
- Zonetail's history of losses;
- no assurance that any of the contemplated products will generate sustainable earnings or provide a return on investment in the future;
- no market for the securities of Zonetail;
- limited operating history as a development stage company;
- shares in Zonetail are not freely tradable during a restricted period under securities laws;
- dependence on certain entities for advertisement placement;
- competition within Zonetail's markets;

- the requirement to develop the “Zonetail” brand in order for Zonetail to be successful;
- rapid technology developments in Zonetail’s markets and the dynamic nature of the hotel industry;
- possible defects in products and services delivered by Zonetail;
- risks associated with loss or theft of user data gathered by Zonetail;
- risks associated with entering new business areas and geographic markets;
- risks associated with building Zonetail’s operations and financial infrastructure as it scales its business;
- defects in Zonetail’s information technology infrastructure;
- Zonetail’s reliance on communications networks owned and operated by third parties;
- the Zonetail app’s reliance on third-party platforms;
- risks from potential failure of Zonetail’s systems;
- risks associated with displaying third party content;
- risk related to Zonetail’s dependence on key personnel;
- government regulation of digital data;
- risks from periodic litigation involving Zonetail;
- risks related to increasing competition in the hotel industry;
- risks related to declines or disruptions in the hotel and travel industries;
- payments-related and fraud risks;
- risk of hacking, theft or exploitation of blockchain;
- risks related to the use of the Ethereum blockchain;
- the regulatory regime governing blockchain technologies is uncertain
- risks related to the acceptance of blockchain technologies;
- risks related to regulatory changes with respect to cryptocurrencies;

- risks related to banking services and cryptocurrencies;
- risks associated with potential intellectual property actions;
- Zonetail's ability to raise adequate capital;
- Zonetail's management and conflicts of interest;
- dependence on the internet and cellular data networks;
- the additional regulatory burden as a public company; and
- changes in accounting and tax rules (whether expected or unexpected).

For further details, please see the discussion under the heading "*Risk Factors*".

Conditional Approval

The TSXV has conditionally accepted the Merger and has conditionally approved the listing of the Resulting Issuer Shares on the Exchange subject to Revelstoke fulfilling all of the requirements of the Exchange on or before January 23, 2019.

THE MERGER

Revelstoke and Zonetail intend to complete the Merger pursuant to the Merger Agreement.

Upon the terms and conditions of the Merger Agreement and pursuant to the applicable provisions of the OBCA, Zonetail and Sub Co will amalgamate and will continue as one corporation named Zonetail Inc. (referred to as "**Amalco**").

It is expected that the Subsequent Amalgamation will be completed on the same day as the Merger as part of an integrated transaction with the Merger. Amalco and Revelstoke will amalgamate and the corporate name of the Resulting Issuer will be "Zonetail Inc.".

Effect of the Merger

In connection with and following the Merger, it is expected that among other things:

(a) the Articles of Amalgamation will be filed in order to effect the Merger as a result of which Zonetail and Sub Co shall amalgamate to form Amalco, which shall be a wholly-owned subsidiary of Revelstoke;

(b) the Subsequent Articles of Amalgamation will be filed pursuant to which Amalco and Revelstoke will amalgamate and the corporate name of the Resulting Issuer will be changed to "Zonetail Inc.";

(c) each Zonetail Share shall be automatically exchanged for a number of Resulting Issuer Shares in accordance with the Exchange Ratio;

(d) each Zonetail Option shall, upon due exercise, entitle the holder thereof to, in lieu of one Zonetail Share, one Resulting Issuer Share and shall be subject to the same terms except to the extent such terms may be adjusted to reflect the Merger;

(e) each Zonetail Warrant and each Debt Conversion Warrant shall, upon due exercise, entitle the holder thereof to, in lieu of one Zonetail Share, one Resulting Issuer Share and shall be subject to the same terms except to the extent such terms may be adjusted to reflect the Merger;

(f) each Agents' Compensation Warrant shall, upon due exercise, entitle the holder thereof to, in lieu of one Zonetail Share, one Resulting Issuer Share and shall be subject to the same terms, except to the extent such terms may be adjusted to reflect the Merger;

(g) the Resulting Issuer will carry on the business theretofore carried on by Zonetail;

(h) there will be approximately 62,522,930 Resulting Issuer Shares issued and outstanding;

(i) former shareholders of Zonetail (not including the purchasers of Subscription Receipts) will hold approximately 46,770,182 Resulting Issuer Shares representing approximately 74.8% of the outstanding Resulting Issuer Shares;

(j) former shareholders of Revelstoke will hold 3,789,300 Resulting Issuer Shares representing approximately 6.1% of the outstanding Resulting Issuer Shares;

(k) purchasers of the Additional Financing will hold 833,356 Resulting Issuer Shares representing approximately 1.3% of the outstanding Resulting Issuer Shares;

(l) purchasers of the Subscription Receipts will hold 11,130,092 Resulting Issuer Shares representing approximately 17.8% of the outstanding Resulting Issuer Shares; and

(m) all of the directors and officers of Revelstoke will have resigned and been replaced by the New Slate and by those officers appointed by the directors of the Resulting Issuer.

The Merger Agreement

The following is a summary of the material terms of the Merger Agreement. This summary does not purport to be a complete summary of the Merger Agreement and is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which is available for review under Revelstoke's SEDAR profile at www.sedar.com.

Effective Date

Unless the Merger Agreement is terminated pursuant to its terms, the Closing will take place on or about November 8, 2018 or such other date as agreed to in writing by Zonetail and Revelstoke (the "**Closing Date**"). Upon Closing, the parties shall cause the Merger to be consummated by filing the Articles of Amalgamation and immediately thereafter, the Subsequent Articles of Amalgamation with the Ministry of Government Services in Ontario, in accordance with the applicable provisions of the OBCA.

Pursuant to the Merger Agreement, Revelstoke Subco and Zonetail will complete the Initial Amalgamation and continue as Amalco. As soon as practicable following the Initial Amalgamation, Amalco and Revelstoke will amalgamate and continue as one corporation to be named "Zonetail Inc.". The Merger Agreement contemplates that the initial officers and directors of the Resulting Issuer will be the same directors and officers as Amalco, whose names shall be set forth in the Subsequent Articles of Amalgamation.

The Merger Agreement contemplates that the initial officers and directors of the Resulting Issuer will be the officers and directors of Zonetail Inc. See "*Part III – Information Concerning the Resulting Issuer - Directors, Officers and Promoters*".

Representations and Warranties

Pursuant to the Merger Agreement, Zonetail made customary representations and warranties to Revelstoke. The Merger Agreement also contains customary representations and warranties made by Revelstoke to Zonetail. These representations and warranties include, among other things, representations and warranties made by Zonetail on the one hand and Revelstoke on the other hand as to: (i) corporate organization and existence; (ii) corporate capacity; (iii) regulatory and legal compliance; (iv) authorized and issued share capital; (v) financial statements; (vi) indebtedness; (viii) tax matters; and (viii) litigation.

Furthermore, Zonetail made additional representations and warranties to Revelstoke as to matters including the following: (i) intellectual property of Zonetail; (ii) employee matters; and (iii) environmental matters.

Mutual Conditions Precedent

The Merger Agreement provides that the respective obligations of Revelstoke and Zonetail to complete the Transactions are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

a) the TSXV shall have conditionally approved the listing thereon of the Revelstoke Shares to be issued pursuant to the Transactions, including the Revelstoke Shares to be issued should any Agents' Compensation Warrants, Zonetail Warrants or Zonetail Options be exercised in the future and the Initial Amalgamation as of the Effective Date and the TSXV shall have accepted notice for filing of all transactions of Revelstoke and Zonetail contemplated herein or necessary to complete the Transactions, subject only to compliance with the usual requirements of the TSXV;

b) the Effective Time shall be on or before the Completion Deadline;

c) all regulatory approvals and the expiry, waiver or termination of any waiting periods, in connection with, or required to permit, the completion of the Transactions, all of which have been previously disclosed in writing by Zonetail to Revelstoke and by Revelstoke to Zonetail, and all third Person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements shall have been obtained or received on terms that are reasonably satisfactory to each of Revelstoke and Zonetail, except where the failure to obtain such regulatory approvals or approvals, agreements, amendments or modifications or the non-expiry of such waiting periods would not, either individually or in the aggregate, have a material adverse effect on Zonetail or Revelstoke or materially impede the completion of the Transactions;

d) any escrow and/or pooling agreements (including the TSXV Escrow Agreement) in respect of the Revelstoke Shares to be issued pursuant to the Initial Amalgamation required under the policies of the TSXV shall have been executed and delivered by the parties thereto; and

e) the Merger Agreement shall not have been terminated pursuant to its terms.

Conditions Precedent to Revelstoke's Obligations

The obligation of Revelstoke to complete the Transactions is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below:

a) approval of all regulatory bodies having jurisdiction in connection with the Transactions, including without limitation the TSXV and the Ontario Securities Commission, as may be applicable;

b) the Zonetail Shares shall be free and clear of any and all encumbrances other than encumbrances acceptable to Revelstoke and expressly so stated in writing and shall be legally and validly issued, and outstanding as fully paid and non-assessable securities;

c) there shall be no other issued and outstanding securities in the capital of Zonetail other than as disclosed in the Merger Agreement or the filing statement prepared in connection with the Transactions and Zonetail shall become a wholly-owned subsidiary of Revelstoke upon completion of the Initial Amalgamation;

d) the representations and warranties of Zonetail contained in the Merger Agreement shall be true and correct in all material respects as of the Closing Date;

e) there shall be no material breach of the covenants of Zonetail contained herein or in the other documents with respect to the Transactions;

f) Zonetail shall be in material compliance with the terms of the Merger Agreement;

g) no material adverse change shall have occurred in the business, assets, liabilities, results, financial condition or affairs of Zonetail;

h) satisfactory completion of due diligence review by Revelstoke, acting reasonably and in good faith in connection with all matters relating to the Transactions;

i) there being no legal proceeding or regulatory actions, investigation or proceedings against or threatened against Zonetail as at Closing;

j) no inquiry or investigation (whether formal or informal) in relation to Zonetail or its directors or officers, shall have been commenced or threatened by any officer or official of the TSXV or any securities commission, or similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Zonetail;

k) there being no prohibition at law against the consummation of the Transactions;

l) receipt of all required approvals, consents or waivers to the Transactions and all related matters and transaction documents, including the approval or consent of any third party whose consent is required by Revelstoke or Zonetail to complete the Transactions;

m) Zonetail shall make available to Revelstoke all relevant financial statements, documents, reports, files, books, papers, documents and agreements, and all other relevant information relating to the business, assets, operations, prospects, financial condition and affairs of Zonetail, such that Revelstoke shall satisfactorily complete its due diligence review of such materials on the later of: (i) the business day immediately preceding the date on which the filing statement prepared in connection with the Transactions is filed on SEDAR in accordance with the policies of TSXV; and (ii) such other date as agreed to by Revelstoke, Sub Co and Zonetail;

n) the completion of the Financing on the terms described herein, the Agency Agreement, and/or on such other terms and conditions as the Parties hereto may agree upon in writing; and

o) Zonetail shall not have issued securities materially exceeding the Zonetail Shares, the Zonetail Warrants and the Zonetail Options currently outstanding as of the date hereof other than pursuant to the Financing.

Conditions Precedent to Zonetail's Obligations

The obligation of Zonetail to complete the Transactions is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below:

a) approval of the Transactions by all regulatory bodies having jurisdiction in connection with the subject transactions, including the TSXV and the Ontario Securities Commission, as may be applicable;

b) the Revelstoke Shares issued in consideration for all Zonetail Shares shall be issued as fully paid common shares in the capital of Revelstoke, free and clear of any and all encumbrances except those imposed by statute and pursuant to any relevant escrow restrictions or resale restrictions of the TSXV or governing regulatory authorities;

c) the representations and warranties of Revelstoke contained in the Merger Agreement shall be true and correct in all material respects as of the Closing Date;

d) there shall be no material breach of the covenants of Revelstoke contained in the Merger Agreement or in the documents with respect to the closing of the Transactions;

e) material compliance by Revelstoke with the terms of the Merger Agreement;

f) no material adverse change shall have occurred in the business, assets, liabilities, results, financial condition, affairs or prospects of Revelstoke;

g) satisfactory completion of due diligence review by Zonetail, acting reasonably and in good faith in connection with all matters relating to the Transactions;

h) there being no legal proceeding or material regulatory actions or proceedings against Revelstoke as at Closing;

i) no inquiry or investigation (whether formal or informal) in relation to Revelstoke or its directors or officers, shall have been commenced or threatened by any officer or official of the TSXV or any securities commission, or similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Revelstoke;

j) there being no prohibition at law against consummation of the Transactions;

k) receipt of all required approvals, consents and waivers to the Transactions and all related matters and the documents with respect to the Transactions, including the approval or consent of any third party whose consent is required by Zonetail to complete the Transactions;

l) Revelstoke shall make available to Zonetail all relevant financial statements, documents, reports, files, books, papers, documents and agreements, and all other relevant information relating to the business, assets, operations, prospects, financial condition and affairs of Revelstoke, such that Zonetail shall satisfactorily complete its due diligence review of such materials on the later of: (i) the date on which the filing statement prepared in connection with the Transactions is filed on SEDAR in accordance with the policies of the TSXV; and (ii) such other date as agreed to by the Parties; and

m) the completion of the Financing on the terms described herein, the Agency Agreement, and/or on such other terms and conditions as the Parties hereto may agree upon in writing.

Termination and Termination Fees

Subject to applicable laws, the Merger Agreement may be terminated at any time prior to the Closing:

a) by mutual agreement of Revelstoke, Sub Co and Zonetail in writing;

b) if the Effective Date does not occur on or before the Completion Deadline;

c) if any of the conditions set forth in the Merger Agreement are not fulfilled or performed prior to the Completion Deadline in accordance with the provisions of the Merger Agreement by any party entitled to the benefit of such condition or conditions;

d) by Zonetail, if after public announcement of an Acquisition Proposal received by Revelstoke, the board of directors of Revelstoke shall have failed to reaffirm its approval, and where approval of shareholders of Revelstoke is required, and its recommendation of, the Initial Amalgamation and the Merger Agreement;

e) by Revelstoke, if Revelstoke proposes to enter into a definitive agreement with respect to, or approve or recommend a, Superior Proposal, in each case in compliance with the provisions of Article 10 the Merger Agreement [*Covenants Relating to Acquisition Proposals*], provided that Revelstoke has not breached any of its covenants or obligations in the Merger Agreement;

f) by Revelstoke, if after public announcement of an Acquisition Proposal received by Zonetail, the board of directors of Zonetail shall have failed to reaffirm its recommendation of the Initial Amalgamation and the Merger Agreement; or

g) by Zonetail, if Zonetail proposes to enter into a definitive agreement with respect to, or approve or recommend a, Superior Proposal, in each case in compliance with the provisions of Article 10 the Merger Agreement [*Covenants Relating to Acquisition Proposals*], provided that Zonetail has not breached any of its covenants or obligations in the Merger Agreement;

In the event the Merger Agreement is terminated, the terminating party will be released, remised and forever discharged in respect of any and all of its obligations, claims and liabilities arising in respect of the Merger Agreement other than those arising prior to the time of such termination.

In the event that Revelstoke terminates the Merger Agreement for an Acquisition Proposal that is a Superior Proposal, Revelstoke shall pay Zonetail a termination payment.

RISK FACTORS

AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Filing Statement, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Issuer and Zonetail consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the Issuer, Zonetail or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or if other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment. References below to "Zonetail" shall, as the context permits or requires, be read to include the Resulting Issuer upon completion of the Merger.

Risk Factors Relating to Zonetail

Risk Factors Related to Zonetail's Business

Uncertainty of Profitability In The Future

Zonetail was incorporated under the CBCA on March 14, 2013 and has only recently commenced its operations. Zonetail is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues.

There is no assurance that Zonetail will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Zonetail's History of Losses

Zonetail has a history of losses and has not generated significant product revenue to date. It may never achieve or maintain profitability. Since inception, Zonetail has incurred significant losses each year and expects to incur significant operating losses as Zonetail continues to develop and expand its products. There is no assurance that Zonetail will ever successfully commercialize or achieve revenues from its products, or that profitability will ever be achieved or maintained. Even if profitability is achieved, Zonetail may not be able to sustain or increase profitability.

Limited Operating History as a Development Stage Company

Zonetail is a development stage company, subject to all the risks and uncertainties inherent in a new business and the development and sale of new products. As a result, it still must establish many functions necessary to operate a business, including finalizing its administrative structure, continuing product development, assessing and commencing its marketing activities, implementing financial systems and controls and personnel recruitment.

Accordingly, investors should consider the Resulting Issuer's prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by companies in the early stages of development. Potential investors should carefully consider the risks and uncertainties that a company with a limited operating history will face. In particular, potential investors should consider that Zonetail and the Resulting Issuer cannot assure that it will be able to:

- successfully implement or execute its current business plan, or that its business plan is sound;
- maintain its management and advisory team;
- raise sufficient funds in the capital markets to effectuate its business plan;
- determine that the processes and technologies that it has developed are commercially viable;
- attract, enter into or maintain contracts with, and retain customers; and/or
- Compete effectively in the extremely competitive environment in which it operates.

If Zonetail or the Resulting Issuer cannot successfully execute any one of the foregoing, the business may not succeed.

Dependence On Certain Entities For Marketing

The Zonetail platform against which advertising is sold relies on the acceptance of the Zonetail platform by Zonetail's customers, including but not limited to hotels, condominiums, and advertisers, which in turn will market the Zonetail app to end users. Zonetail does not currently directly advertise the Zonetail app to end users, although its business is dependent on the monetization of the end-users through the sale of advertising and eventually, through proceeds generated when users book their hotel rooms using the app. Zonetail is therefore dependent on its customers for encouraging end-users to download and use the Zonetail app. Zonetail may never change this model and may therefore always rely upon third parties for its marketability.

Competition Within Zonetail's Markets

The digital app industry and the hotel booking industry are rapidly evolving and intensely competitive, and are subject to changing technology, shifting user needs and frequent introductions of new products and services. Zonetail's current and potential competitors include large and established companies, as well as start-up companies. Certain competitors have more established relationships and greater financial resources and they can use their resources in a variety of competitive ways, including by making acquisitions, investing aggressively in research and development, and competing aggressively for advertisers, technologies, digital media rights, websites and applications. Emerging start-ups may be able to innovate and provide products and services faster than Zonetail. If competitors are more successful than Zonetail in developing compelling products and engaging content or in attracting and retaining users and advertisers, Zonetail's revenues and growth rates and the value of the capitalized digital assets could be negatively affected. There is no assurance that Zonetail will be able to maintain its position in the marketplace.

The market for internet advertising and related products and services is highly competitive. Zonetail expects this competition to continue to increase, in part because there are no significant barriers to entry to the digital media industry. Increased competition may result in price reductions for advertising space, reduced margins for Zonetail and loss of market share by Zonetail.

The Requirement To Develop The "Zonetail" Brand In Order For Zonetail To Be Successful

The brand identity that Zonetail must develop will significantly impact the success of its business. Maintaining and enhancing "Zonetail" brands is critical to expanding Zonetail's base of users, advertisers and partners. Zonetail believes that the importance of brand recognition will increase due to the relatively low barriers to entry in the industry for wireless communications applications. The "Zonetail" brand may be negatively impacted by a number of factors, including, without limitation, product malfunctions, data privacy and security issues. If Zonetail fails to maintain and enhance the "Zonetail" brand, or if Zonetail incurs excessive expenses in this effort, it could have a material adverse effect on Zonetail's prospects, business, financial condition and results of operations. Maintaining and enhancing the "Zonetail" brand will depend largely on Zonetail's ability to be a technology leader and to continue to provide high-quality products and services, which Zonetail may not be able to do successfully.

Rapid Technology Developments In Zonetail's Markets and the Dynamic Nature of the Hotel Industry

The digital app industry, particularly in respect of those apps relying on blockchain technology, is characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users and therefore attractive to advertisers, Zonetail will need to continue developing new and upgraded functionality of its products and services, look at diversified offerings up and down stream and adapt to new business environments and competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent Zonetail is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, Zonetail may lose users and advertisers.

Furthermore, if Zonetail fails to appropriately adapt to competitive or consumer preference developments in the hotel industry, its business could be adversely affected. Zonetail's attempts to adapt our current business models or practices or adopt new business models and practices in order to compete, may involve significant risks and uncertainties, including distraction of management from current operations, expenses associated with the initiatives, inadequate return on investments, difficulties, as well as limiting our ability to develop new innovations.

Zonetail has developed and is continuing to develop a number of products and services and it will pursue those products and services that it expects to have the best chance for success based on Zonetail's expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that Zonetail will be able to develop new products, services and technologies to keep up-to-date with developments in the digital media publishing industry and, in particular, to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with end-users or that such products will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Possible Defects In Products And Services Delivered By Zonetail

Zonetail's products and services are complex and may contain design defects or errors that are difficult to detect and correct. Defects, errors or bugs found in Zonetail's new products or services could delay commercial release for an extended period of time. Errors or defects may be found in new products or services after launch and, even if discovered, Zonetail may not be able to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and failures in Zonetail's products or services could result in loss of or delay in end user acceptance of its products or services and may harm Zonetail's reputation and the "Zonetail" brand. Correcting such errors and failures in its products or services could require significant expenditures by Zonetail, involving cost or time and effort of personnel.

The consequences of such errors, failures and claims could have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Risks Associated With Loss Or Theft Of User Data Gathered By Zonetail

Zonetail may require the registration of its users prior to accessing its products or services or certain features of its products or services and its rewards platform and it may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user-data that is collected. Zonetail's efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to Zonetail's data or its users' data. If any of these events occur, users' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of Zonetail's terms of service or policies could damage Zonetail's reputation and the "Zonetail" brand and diminish its competitive position. In addition, the affected users or governmental authorities could initiate legal or regulatory action against Zonetail in connection with such incidents, which could cause Zonetail to incur significant expense and liability or result in orders or consent decrees forcing Zonetail to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Zonetail transmits and stores a large volume of data in the course of supporting its websites and mobile applications. The interpretation of privacy and data protection laws and their application to the internet is unclear and subject to rapid change in numerous jurisdictions. There is a risk that these laws may be interpreted and applied in a manner that is not consistent with Zonetail's data protection practices and results in additional compliance or changes in Zonetail's business practices, or both, and liability or sanction under these laws. In addition, because its websites and mobile applications are accessible in many jurisdictions, certain foreign jurisdictions may claim that Zonetail is required to comply with local laws, even where Zonetail has no local operating entity, employees, infrastructure or other physical presence in those jurisdictions.

Risks Associated With Entering New Business Areas And Geographic Markets

Zonetail's growth strategy is partially dependent upon expanding its product and service offerings into new business areas or new geographic markets. There can be no assurance that these new business areas and geographic markets will generate the anticipated volume of users or advertising revenue. In addition, any expansion into new business areas or geographic markets could expose Zonetail to new risks, including, without limitation, compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third party intellectual property rights; the cost of localising software (including translations) or otherwise adapting its products and services for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner. These factors could cause Zonetail's expansion into new business areas or geographic markets to be unsuccessful or less profitable than its existing markets, or could cause Zonetail's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Risks Associated With Building Zonetail's Operations And Financial Infrastructure As It Scales Its Business

Zonetail is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls. The ability of Zonetail to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. This expansion may require Zonetail to commit financial, operational and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Defects In Zonetail's Information Technology Infrastructure

The integrity, reliability and operational performance of Zonetail's content aggregation and distribution and other operational information technology ("**IT**") systems are critical to Zonetail's ability to serve its users and advertisers. Zonetail's IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of these IT systems or the telecommunications and/or other third party infrastructure on which such systems rely, as described in *"Reliance on Third-Party Owned Communication Networks"* could lead to significant costs and disruptions that could reduce Zonetail's revenue, harm Zonetail's business reputation and have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Zonetail has procedures and measures in place to protect against network or IT system failure or disruption. However, those procedures and measures may not be effective to ensure that Zonetail is able to carry on its business in the ordinary course if they fail or are disrupted. In addition, Zonetail's IT systems may not be effective in detecting any intrusion or other security breaches, or safeguarding against sabotage, hackers, denial of service attacks, viruses or cybercrime. Any failure in these protections could harm Zonetail's business reputation and have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

Zonetail's Reliance On Communications Networks Owned And Operated By Third Parties

The delivery of Zonetail's products and services and a significant portion of Zonetail's revenues are dependent on the continued use and expansion of third-party-owned communication networks, including wireless networks and the internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for Zonetail.

Effective delivery of Zonetail's products and services through the internet is dependent on internet service providers continuing to expand high-speed internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access Zonetail's content. Changes in access fees to distributors, such as Zonetail or its service providers, or a departure from "net neutrality" (the principle that all forms of internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, as described in *"Risk Factors Related to Zonetail's Industry and its Regulation – Governmental Regulation of the Internet"* could result in increased costs to Zonetail. All of these factors are out of Zonetail's control and the manifestation of any of them could ultimately have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in internet (or a subset thereof, including in particular mobile internet) performance and/or internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of Zonetail's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, loss of revenue because of the inability of users or subscribers to use Zonetail's services, or the cancellation by users or subscribers of their service with Zonetail, any of which could have a material adverse effect on Zonetail's prospects, business, financial condition or results of operations.

The Zonetail App's Reliance on Third-Party Platforms

The Zonetail app will rely on third-party platforms such as the Apple App Store and the Google Play Store to distribute the application through which users will access the Zonetail Platform. If Zonetail is unable to maintain a good relationship with such platform providers, if their terms and conditions or pricing change, if Zonetail violates or cannot comply with, or if a platform provider believes that Zonetail has violated, the terms and conditions of its platform, or if any of these platforms loses market share or falls out of favour or is unavailable for a prolonged period of time, access to and utilization of the Zonetail app will suffer.

The application through which users access the Zonetail platform will be subject to the standard policies and terms of service of third party platforms, which govern the promotion, distribution and operation generally of applications on the platform. Each platform provider has broad discretion to change and interpret its terms of service and other policies with respect to the Zonetail app and other applications, and those changes may be unfavorable. A platform provider may also change its fee structure, add fees associated with access to and use of its platform, change how the personal information of its users is made available to application developers on the platform or restrict how users can share information with other users on its platform or across platforms.

Such changes may decrease the visibility or availability of the Zonetail app, limit distribution capabilities, prevent access to the Zonetail app, increase the costs to operate on these platforms or result in the exclusion or limitation of the Zonetail app on such platforms which could negatively impact Zonetail.

If the Zonetail app application violates, or a platform provider believes it has violated its terms of service (or if there is any change or deterioration in Zonetail's relationship with these platform providers), that platform provider could limit or discontinue the Zonetail app's access to the platform. Any limit of, or discontinuation to, the Zonetail app's access to any platform could adversely affect access to and utilization of the Zonetail platform.

Risks From Potential Failure Of Zonetail's Systems

Zonetail's success depends on the continuing and uninterrupted performance of its systems. Sustained or repeated system failures that interrupt its ability to provide services to customers, including failures affecting the booking of hotel rooms or Zonetail's ability to deliver advertisements quickly and accurately and to process consumers' responses to advertisements, would significantly reduce the attractiveness of Zonetail's services to users, hotels, advertisers and publishers. Zonetail's business, results of operations and financial condition could also be materially and adversely affected by any systems damage or failure that impacts data integrity or interrupts or delays its operations. Zonetail's computer systems are vulnerable to damage from a variety of sources, including telecommunications failures, power outages, malicious or accidental human acts and natural disasters. Moreover, despite network security measures, Zonetail's servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems in part because Zonetail cannot control the maintenance and operation of Zonetail's third-party data centers. Despite the precautions taken, unanticipated problems affecting Zonetail's systems could cause interruptions in the delivery of its solutions in the future and its ability to provide a record of past transactions. Zonetail's insurance policies may not adequately compensate it for any losses that may occur due to any failures in its systems.

Management and Conflicts of Interest

The ability of Zonetail to be successful is dependent on the performance of its current directors and officers, who may only devote a portion of their time to the business and affairs of Zonetail and are, or will be, engaged in other projects or businesses. The current directors and officers of Zonetail may also serve as directors and/or officers of other companies which may compete with Zonetail. Accordingly, situations may arise where the directors and officers of Zonetail are in a position of conflict with Zonetail.

Risks Associated With Displaying Third Party Content

Zonetail may be subject to third-party claims relating to content in the advertising Zonetail delivers as it relates to violations of copyright, trademark or other intellectual property rights of third-parties or if the content is defamatory. Any claims or counterclaims could be time-consuming, could result in costly litigation and could divert management's attention.

Risk Related To Zonetail's Dependence On Key Personnel

Zonetail's success depends to a significant extent on the abilities and efforts of its senior management and technical personnel. The loss of, or inability to identify, attract, hire, retain and motivate highly skilled management, technical, sales and marketing, corporate development and other key personnel could have a material effect on Zonetail's business. Qualified personnel with experience relevant to Zonetail's businesses are scarce and competition to recruit them is intense. If Zonetail fails to successfully hire and retain a sufficient number of highly qualified employees, Zonetail may have difficulties in supporting its customers or expanding its business. Zonetail has non-competition and non-disclosure agreements with all its executive officers and senior managers. Any loss of key personnel could have an adverse effect on Zonetail's business. The loss of the services of any member of Zonetail's senior management team, or of any other key employees, could divert management's time and attention, increase Zonetail's expenses and adversely affect its ability to conduct its business efficiently.

Like many technology companies, Zonetail uses equity-based awards to recruit professionals and senior level employees. With respect to those employees to whom Zonetail issues equity-based awards, it faces a significant challenge in retaining them if the value of these equity-based awards is either not substantial enough or so substantial that the employee leaves after their equity-based awards have vested. If Zonetail's share price does not increase significantly above the exercise prices of its equity-based awards, Zonetail may need to issue new awards, in order to motivate and retain its executives; or if such award programs become impracticable, Zonetail may need to issue other equity incentives or increase other forms of compensation. Zonetail may undertake or seek shareholder approval to undertake other equity-based programs to retain its employees, which may be viewed as dilutive to its shareholders or may increase its compensation costs. Additionally, there can be no assurance that any such programs undertaken by Zonetail will be successful in motivating and retaining its employees.

Risks From Periodic Litigation Involving Zonetail

Zonetail may from time to time become party to claims and litigation proceedings, which are generally related to contract disputes. Such matters are subject to many uncertainties and Zonetail cannot predict with assurances the outcome and ultimate financial impact from them. There can be no guarantee that actions that may be brought against Zonetail in the future will be resolved in its favour or that the insurance Zonetail carries will be available or paid to cover any litigation exposure. Any losses from settlements or adverse judgments arising out of these claims could be materially adverse to Zonetail.

Risks Related to Increasing Competition in the Hotel Industry

The market for the services Zonetail offers is increasingly and intensely competitive. Zonetail will compete with both established and emerging online and traditional sellers of travel-related services, including:

- online and traditional travel agencies, wholesalers and tour operators,
- travel suppliers, including hotels and airlines,
- large online portal and search websites,
- travel metasearch websites,
- social media websites,
- other hotel booking applications/websites using blockchain technologies;

- Alternative accommodation websites.

Online and traditional travel agencies: Zonetail faces increasing competition from OTAs in many regions which in some cases may have more favourable offerings for travelers or suppliers, including pricing and supply breadth. Zonetail may also compete with traditional travel agencies (operating both offline and online), wholesalers and tour operators for both travelers and the acquisition and retention of supply.

Travel suppliers: Travel suppliers such as airlines and hotels may offer products and services on more favourable terms to consumers who transact directly with them, including lower prices, no fees or unique access to proprietary loyalty programs, such as points and miles. Many of these competitors, such as airlines, hotel and rental car companies, have been steadily focusing on increasing online demand on their own websites and mobile applications in lieu of third-party distributors. For instance, some low cost airlines, which are having increasing success in the marketplace, distribute their online supply exclusively through their own websites and several large hotel chains have combined to establish a single online hotels search platform with links directly to their own websites and mobile applications. Suppliers who sell on their own websites, in some instances, offer advantages such as favourable rates, increased or exclusive product availability, complimentary Wi-Fi, and their own bonus miles or loyalty points, or in the case of airlines promote hotel supply at their websites, which could make their offerings more attractive to consumers than ours.

Search engines: Zonetail may also face increasing competition from search engines including Google. To the extent that these leading search engines that have a significant presence in Zonetail's key markets disintermediate online travel agencies or travel content providers by offering comprehensive travel planning, shopping or booking capabilities, or increasingly refer those leads directly to suppliers or other favoured partners, increase the cost of traffic directed to our websites, or offer the ability to transact on their own website, there could be a material adverse impact on Zonetail's business and financial performance. For example, in recent years search engines have increased their focus on acquiring or launching flight and hotel search products that provide increasingly comprehensive travel planning content and direct booking capabilities, comparable to OTAs. To the extent these actions have a negative effect on the use of Zonetail's app, Zonetail's business and financial performance could be adversely affected.

Travel metasearch engines: Travel metasearch websites aggregate travel search results for a specific itinerary across supplier, travel agent and other websites. To the extent consumers utilize the metasearch website for travel services and bookings instead of Zonetail's app or website, Zonetail's traffic-generating arrangements could be affected in a negative manner, or we may be required to incur marketing costs to obtain market share, either of which could have an adverse effect on Zonetail's business and results of operations.

Social media websites: Social media websites continue to develop search functionality for data included within their websites and mobile applications, which may in the future develop into an alternative research and booking resource for travelers, resulting in additional competition.

Alternative accommodations: Airbnb and similar websites that facilitate the short-term rental of homes and apartments from owners provide an alternative to hotel rooms and vacation rental properties which will be available through the Zonetail platform. The continued growth of alternative accommodation sources could affect overall travel patterns generally and the demand for our services specifically in facilitating reservations at hotels and vacation rentals.

Other hotel booking applications/websites using blockchain technologies: Zonetail is aware of other companies developing platforms using blockchain technology for hotel room booking which will directly compete with the Zonetail platform. The success of one of these competitors may adversely affect the uptake and use of the Zonetail platform.

Zonetail cannot assure you that we will be able to compete successfully against any current, emerging and future competitors or on platforms that may emerge, or provide differentiated products and services to our traveler base. Increasing competition from current and emerging competitors, the introduction of new technologies and the continued expansion of existing technologies, such as metasearch and other search engine technologies, may force us to make changes to our business models, which could affect our financial performance and liquidity.

In general, increased competition has resulted in and may result in reduced margins, as well as loss of travelers, transactions and brand recognition.

Risks Related to Declines Or Disruptions In The Hotel and Travel Industries

Declines or disruptions in the travel industry could adversely affect Zonetail's business and financial performance. Zonetail's business and financial performance are affected by the health of the worldwide travel industry. Travel expenditures are sensitive to personal and business-related discretionary spending levels and tend to decline or grow more slowly during economic downturns. Decreased travel expenditures could reduce the demand for Zonetail's services, thereby causing a reduction in revenue.

For example, during regional or global recessions, domestic and global economic conditions can deteriorate rapidly resulting in increased unemployment and a reduction in available budgets for both business and leisure travelers, which slow spending on the services Zonetail will provide and may have a negative impact on Zonetail's revenue growth. Additionally, if individual countries or regions experience deteriorating credit and economic conditions, and/or significant fluctuations of currency values relative to other currencies such as the Canadian dollar, it can lead to a negative impact on our foreign denominated net assets, gross bookings, revenues, operating expenses, and net income as expressed in Canadian dollars. Further economic weakness and uncertainty may result in significantly decreased spending on hotel bookings by both business and leisure travelers, which may have a material adverse impact on Zonetail's business and financial performance. Geopolitical conflicts, significant fluctuations in currency values, sovereign debt issues and macroeconomic concerns are examples of events that contribute to a somewhat uncertain economic environment, which could have a negative impact on the travel industry in the future.

Zonetail's business is also sensitive to fluctuations in hotel supply, occupancy and ADRs, decreases in airline capacity, periodically rising airline ticket prices, or the imposition of taxes or surcharges by regulatory authorities.

Other factors that could negatively affect Zonetail's business include:

- Significant changes in oil prices;
- Continued air carrier and hotel chain consolidation;
- Reduced access to discount airfares;
- Travel-related strikes or labor unrest, bankruptcies or liquidations;
- Incidents of actual or threatened terrorism;
- Periods of political instability or geopolitical conflict in which travelers become concerned about safety issues;
- Natural disasters or events such as severe weather conditions, volcanic eruptions, hurricanes or earthquakes;
- Travel-related accidents or the grounding of aircraft due to safety concerns; and
- Health-related risks, such as the Ebola, H1N1, SARs and avian flu outbreaks.

Such concerns could result in a protracted decrease in demand for travel services. This decrease in demand, depending on its scope and duration, together with any future issues affecting travel safety, could significantly and adversely affect Zonetail's business, working capital and financial performance over the short and long-term.

Payments-Related And Fraud Risks

Zonetail may have agreements with companies that process customer credit and debit card transactions, the volume of which may be very large, for the facilitation of customer bookings. These agreements, if entered into, will allow these processing companies, under certain conditions, to hold an amount of Zonetail's cash (referred to as a "holdback") or require Zonetail to otherwise post security equal to a portion of bookings that have been processed by that company. These processing companies may be entitled to a holdback or suspension of processing services upon the occurrence of specified events, including material adverse changes in Zonetail's financial condition. An imposition of a holdback or suspension of processing services by one or more of Zonetail's processing companies could materially reduce Zonetail's liquidity. Moreover, there can be no assurances that the rates Zonetail may pay for the processing of customer credit and debit card transactions will not increase which could reduce Zonetail's revenue thereby adversely affecting its business and financial performance.

In addition, credit card networks, such as Visa, MasterCard and American Express, have adopted rules and regulations that apply to all merchants who process and accept credit cards and include the Payment Card Industry Data Security Standards, or the PCI DSS. Under these rules, Zonetail may be required to adopt and implement internal controls over the use, storage and security of card data. Failure to comply may subject Zonetail to fines, penalties, damages and civil liability and could prevent us from processing or accepting credit cards.

Zonetail results of operations and financial positions may be negatively affected by its acceptance of fraudulent bookings made using credit and debit cards. Zonetail may be held liable for accepting fraudulent bookings on its application or website for which payment is subsequently disputed by its customers both of which lead to the reversal of payments received by Zonetail for such bookings (referred to as a "charge back"). Accordingly, Zonetail may calculate and record an allowance for the resulting credit and debit card charge backs. Zonetail's ability to detect and combat fraudulent schemes, which have become increasingly common and sophisticated, may be negatively impacted by the adoption of new payment methods, the emergence and innovation of new technology platforms, including smartphones and tablet computers, and Zonetail's expansion, including into markets with a history of elevated fraudulent activity. If Zonetail is unable to effectively combat fraudulent bookings on its application or if it otherwise experiences increased levels of charge backs, Zonetail's results of operations and financial positions could be materially adversely affected.

Risk Factors Related to Blockchain Technologies and Digital Assets

Risk of Hacking, Theft or Exploitation of Blockchain

The Zonetail platform will use digital cryptographic algorithms, known as blockchains, they are susceptible to hacking, theft, exploitation or other digital attacks. Advances in cryptography, or technical advances such as the development of quantum computers, could present risks to cryptocurrencies and may result in their compromise, theft or other exploitation.

Risks Related To The Use Of the Ethereum Blockchain

The Ethereum blockchain network on which Zonetail will operate utilizes code that is subject to change at any time. These changes may have unintended consequences for the Zonetail Platform. Zonetail will be built using the Ethereum blockchain. In addition to risks regarding development and acceptance of blockchain networks or the price of blockchain assets that may negatively affect the Ethereum network, other changes such as upgrades to Ethereum's blockchain, a hard fork in Ethereum, or a change in how transactions are confirmed on the Ethereum blockchain may have unintended, adverse effects on all blockchains utilizing using the ERC-20 standard, including the Zonetail Platform. These changes may occur at any time prior to the development of the Zonetail platform and may cause delays development or may completely foreclose Zonetail's ability to launch the platform.

The Regulatory Regime Governing Blockchain Technologies is Uncertain

The regulatory regime governing blockchain technologies is uncertain and new regulations or policies may materially adversely affect the development of the Zonetail platform.

Regulation of blockchain technologies currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in Canada and the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the Zonetail Platform. Failure by Zonetail, the Zonetail app or certain users of the Zonetail app to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, federal, provincial and state regulators and agencies have begun to take interest in, and in some cases regulate, their use and operation, including where crypto-currency, tokens and digital coins are involved. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Zonetail platform may be adversely affected.

Risks Related to the Acceptance of Blockchain Technologies

The further development and acceptance of blockchain networks, including the Zonetail platform, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the Zonetail app.

The growth of the blockchain industry in general, as well as the blockchain networks with which the Zonetail app will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Ether and other blockchain technologies;
- Government and quasi-government regulation of Ether and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of the Ethereum networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; or
- A decline in the popularity or acceptance of the Ethereum networks would adversely affect our results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Zonetail platform and app.

Risk Factors Related to Zonetail's Industry and its Regulation

Risks Associated With Potential Intellectual Property Actions

Zonetail may be subject to legal actions alleging intellectual property infringement, unfair competition or similar claims against it. Companies may apply for or be awarded patents or have other intellectual property rights covering aspects of Zonetail's technologies or businesses. Such legal actions may be costly and could require Zonetail to defend unmeritorious claims without recourse for legal costs incurred, even if it is successful, change its business practices, or could potentially hinder or prevent its ability to deliver its products and services and could divert management's attention.

Dependence On Mobile Data Networks

The sales of Zonetail's products and services depend on the growth in the use of mobile data networks and rely, in large part, on the industry and infrastructure that has developed around mobile data networks and traffic. Inadequate development of a reliable network backbone or the lack of timely delivery of complementary products could affect the overall commercial viability of the internet marketplace. Interruptions in internet availability could affect the performance of Zonetail's websites and mobile apps. Global e-commerce and information exchange is constantly changing and evolving and it is difficult to predict with any assurance its long-term commercial success.

Dependence On The Internet

The sales of Zonetail's products and services depend on the growth in the use of the internet and rely, in large part, on the industry and infrastructure that has developed around internet access and traffic. Inadequate development of a reliable network backbone or the lack of timely delivery of complementary products could affect the overall commercial viability of the internet marketplace. Interruptions in internet availability could affect the performance of Zonetail's websites and mobile apps. Global e-commerce and information exchange is constantly changing and evolving and it is difficult to predict with any assurance its long-term commercial success.

Government Regulation of Mobile Data Networks

Companies engaging in online commerce and related businesses face uncertainty related to possible future government regulation of the mobile data networks. Due to the rapid growth and widespread use of the mobile data networks, federal, state and provincial governments are enacting and considering various laws and regulations relating to mobile data networks. Furthermore, the application of existing laws and regulations to mobile data networks companies remains somewhat unclear. Zonetail's business and operating results may be negatively affected by new laws, and such existing or new regulations may expose it to substantial compliance costs and liabilities and may impede the growth in use of mobile data networks.

Government Regulation of the Internet

Companies engaging in online commerce and related businesses face uncertainty related to possible future government regulation of the internet. Due to the rapid growth and widespread use of the internet, federal, state and provincial governments are enacting and considering various laws and regulations relating to the internet. Furthermore, the application of existing laws and regulations to internet companies remains somewhat unclear. Zonetail's business and operating results may be negatively affected by new laws, and such existing or new regulations may expose it to substantial compliance costs and liabilities and may impede the growth in use of the internet.

As a company that provides services over the internet, Zonetail may be subject to an action brought under any or future laws governing online services. Zonetail may also be subject to costs and liabilities with respect to privacy issues. Several internet companies have incurred costs and paid penalties for violating privacy policies and laws. Further, it is anticipated that new legislation may be adopted by federal, state and provincial governments with respect to user privacy. Additionally, foreign governments may pass laws which could negatively impact Zonetail's business or may prosecute Zonetail for its products and services based upon existing laws. The restrictions imposed by and cost of complying with current and possible future laws and regulations related to Zonetail's business could harm its business and operating results. Further, any such laws that affect its third party data partners could indirectly harm its business and operating results.

Risk Factors Relating to the Financing

Failure to Satisfy Escrow Release Conditions

There is no assurance that Zonetail will satisfy the Escrow Release Conditions by the deadline stipulated in the Subscription Receipt Agreement. In the event that the Escrow Release Conditions are not satisfied on or before such deadline, the gross proceeds of the Financing will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be automatically cancelled. As the release of the Escrowed Proceeds is a condition precedent to the completion of the Merger, the failure to satisfy the Escrow Release Conditions is likely to negatively impact and may prevent the completion of the Merger.

Risk Factors Relating to Revelstoke

The Merger May Not Be Completed

The Merger is subject to final acceptance of the TSXV. There can be no assurance that all of the necessary regulatory approvals will be obtained. If the Merger contemplated by the Merger Agreement is not completed for these reasons or for any other reason, including the failure to satisfy the Escrow Release Conditions, Revelstoke will have incurred significant costs associated with the failed implementation of the Merger.

Furthermore, Revelstoke has limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that Revelstoke will be able to identify a suitable Qualifying Transaction in the future. Even if a proposed Qualifying Transaction is identified in the future, there can be no assurance that Revelstoke will be able to successfully complete such transaction and the completion of such other Qualifying Transaction is subject to a number of conditions including acceptance by the TSXV and, in the case of a Non-Arm's Length Qualifying Transaction, approval of the majority of the minority shareholders.

Limited Operating History

Revelstoke has not commenced commercial operations and has no assets other than cash. Revelstoke has no history of earnings and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until completion of a Qualifying Transaction, Revelstoke is not permitted to carry on any business other than the identification and evaluation of potential transactions.

Management and Conflicts of Interest

The ability of Revelstoke to successfully complete a Qualifying Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of Revelstoke and are, or will be, engaged in other projects or businesses. The current directors, officers and Promoters of Revelstoke also serve as directors and/or officers of other companies which may compete with Revelstoke in its search for the businesses or assets targeted in order to complete a Qualifying Transaction. Accordingly, situations may arise where the directors, officers and Promoters of Revelstoke are in a position of conflict with the Issuer.

Risk Factors Relating to the Resulting Issuer

Existing executive officers, directors and holders of 10% or more of the Zonetail Shares will collectively own almost 34% of the Resulting Issuer Shares and will continue to have substantial control over the Resulting Issuer, which will limit an investor's ability to influence the outcome of important transactions, including a change in control

Upon completion of the Merger, it is anticipated that, a significant number of the Resulting Issuer Shares will be concentrated in the hands of a few shareholders. A limited number of shareholders may have the ability to control or substantially influence all aspects of the Resulting Issuer's business, including decisions regarding mergers, consolidations, the sale of all or substantially all of its assets and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of the Resulting Issuer, which could deprive the Resulting Issuer's stockholders of an opportunity to receive a premium for their shares as part of a sale of the company. These actions may be taken even if they are opposed by the Resulting Issuer's other shareholders.

Zonetail's management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of its business

The individuals who now constitute Zonetail's management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Zonetail's management team may not successfully or efficiently manage a public company that is subject to significant regulatory oversight and reporting obligations. In particular, these new obligations will require substantial attention from the Resulting Issuer's senior management and could divert their attention away from the day-to-day management of Resulting Issuer's business.

The requirements of being a public company may strain the Resulting Issuer's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members

As a reporting issuer, the Resulting Issuer will be subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations will increase the Resulting Issuer's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable securities laws require the Resulting Issuer to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, applicable securities laws require the Resulting Issuer to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Specifically, due to the increasing complexity of its transactions, it is anticipated that the Resulting Issuer will need to improve its disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. Zonetail may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Zonetail intends to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If its efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the Resulting Issuer and the Resulting Issuer's business may be adversely affected.

As a public company subject to these rules and regulations, the Resulting Issuer may find it more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Resulting Issuer to attract and retain qualified members of its board of directors, particularly to serve on its audit committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, Zonetail's business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, the Resulting Issuer's business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in its favor, these claims, and the time and resources necessary to resolve them, could divert the resources of the Resulting Issuer's management and harm its business and results of operations.

The price of the securities of the Resulting Issuer may fluctuate significantly, which may make it difficult for holders of securities of the Resulting Issuer to sell their securities at a time or price they find attractive

The Resulting Issuer's share price may fluctuate significantly as a result of a variety of factors, many of which are beyond its control. In addition to those described under *"Forward Looking Information"* these factors include:

- actual or anticipated quarterly fluctuations in its operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts with respect to it or other financial institutions;
- reports in the press or investment community generally or relating to the Resulting Issuer's reputation or the industry in which it operates;
- strategic actions by the Resulting Issuer or its competitors, such as acquisitions, restructurings, dispositions or financings;
- fluctuations in the share price and operating results of the Resulting Issuer's competitors;
- future sales of the Resulting Issuer's equity or equity-related securities;
- proposed or adopted regulatory changes or developments;
- domestic and international economic factors unrelated to the Resulting Issuer's performance; and
- general market conditions and, in particular, developments related to market conditions for the digital publishing industry.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect the Resulting Issuer's stock price, notwithstanding the Resulting Issuer's operating results. Zonetail expects that the market price of the Resulting Issuer Shares will fluctuate and there can be no assurances about the levels of the market prices for such shares.

It is not known whether an active, liquid and orderly trading market will develop for the securities of the Resulting Issuer or what the market price of the securities of the Resulting Issuer will be and as a result it may be difficult for investors to sell their securities of the Resulting Issuer.

An active trading market for securities of the Resulting Issuer may never develop or be sustained following the Merger. The lack of an active market may impair an investor's ability to sell their securities of the Resulting Issuer at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's securities of the Resulting Issuer. Further, an inactive market may also impair the Resulting Issuer's ability to raise capital by selling securities of the Resulting Issuer and may impair its ability to enter into collaborations or acquire companies or products by using securities of the Resulting Issuer as consideration. The market price of securities of the Resulting Issuer may be volatile, and an investor could lose all or part of their investment.

Zonetail does not intend to pay dividends on the Resulting Issuer Shares for the foreseeable future.

Zonetail currently does not plan to declare dividends on the Resulting Issuer Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the board of directors of the Resulting Issuer. Consequently, an investor's only opportunity to achieve a return on the investment in the Resulting Issuer will be if the market price of the Resulting Issuer Shares appreciates and the investor sells shares at a profit. There is no guarantee that the price of the Resulting Issuer Shares that will prevail in the market after the Merger will ever exceed the price that an investor paid.

If research analysts do not publish research about the Resulting Issuer's business or if they issue unfavorable commentary or downgrade the Resulting Issuer Shares, the Resulting Issuer's share price and trading volume could decline

The trading market for the securities of the Resulting Issuer may depend in part on the research and reports that research analysts publish about the Resulting Issuer and its business. If the Resulting Issuer does not maintain adequate research coverage, or if one or more analysts who covers the Resulting Issuer downgrades its stock, or publishes inaccurate or unfavorable research about the Resulting Issuer's business, the price of the Resulting Issuer Shares could decline. If one or more of the research analysts ceases to cover the Resulting Issuer or fails to publish reports on it regularly, demand for securities of the Resulting Issuer could decrease, which could cause the Resulting Issuer's stock price or trading volume to decline.

The market price of the Resulting Issuer's shares may decline due to the large number of outstanding shares eligible for future sale

Sales of substantial amounts of Resulting Issuer Shares in the public market, or the perception that these sales could occur, could cause the market price of Resulting Issuer Shares to decline.

These sales could also make it more difficult for the Resulting Issuer to sell equity or equity-related securities in the future at a time and price that it deems appropriate.

Assuming completion of the Merger, as of the date hereof, the Resulting Issuer would have an aggregate of 62,522,930 Resulting Issuer Shares outstanding, assuming no exercise of outstanding convertible securities. Certain Resulting Issuer Shares, such as those Resulting Issuer Shares subject to lock-up agreements, will have restrictions on trading.

The Resulting Issuer may also issue Resulting Issuer Shares or securities convertible into Resulting Issuer Shares from time to time in connection with a financing, acquisition or otherwise. Any such issuance could result in substantial dilution to existing holders of Resulting Issuer Shares and cause the trading price of the Resulting Issuer's securities to decline.

The Resulting Issuer may issue additional equity securities or engage in other transactions that could dilute its book value or affect the priority of the Resulting Issuer Shares, which may adversely affect the market price of Resulting Issuer Shares

The board of directors of the Resulting Issuer may determine from time to time that it needs to raise additional capital by issuing additional Resulting Issuer Shares or other securities. Except as otherwise described in this Filing Statement, the Resulting Issuer will not be restricted from issuing additional Resulting Issuer Shares, including securities that are convertible into or exchangeable for, or that represent the right to receive, Resulting Issuer Shares. Because the Resulting Issuer's decision to issue securities in any future offering will depend on market conditions and other factors beyond the Resulting Issuer's control, it cannot predict or estimate the amount, timing, or nature of any future offerings, or the prices at which such offerings may be affected. Additional equity offerings may dilute the holdings of its existing shareholders or reduce the market price of its common shares, or both. Holders of Resulting Issuer Shares are not entitled to pre-emptive rights or other protections against dilution. New investors also may have rights, preferences and privileges that are senior to, and that adversely affect, the Resulting Issuer's then-current holders of Resulting Issuer Shares. Additionally, if the Resulting Issuer raises additional capital by making offerings of debt or preference shares, upon liquidation of the Resulting Issuer, holders of its debt securities and preference shares, and lenders with respect to other borrowings, may receive distributions of its available assets before the holders of Resulting Issuer Shares.

The Resulting Issuer may invest or spend the proceeds of the Financing and Additional Financing in ways with which investors may not agree or in ways which may not yield a return

The Resulting Issuer's management will have broad discretion in using the net proceeds from the Financing and Additional Financing. Proceeds of the Financing and Additional Financing are expected to be allocated between its businesses in line with management's determinations and consistent with the information set out in the Filing Statement. Investors may not have the opportunity, as part of their investment decision, to assess whether the proceeds will be used appropriately and investors may disagree with how such proceeds are used. Investors will be relying on the judgment of the Resulting Issuer's management who may fail to apply such proceeds in ways that benefit the business or increase its value. If the proceeds are not applied effectively, the ability to maintain and grow the business could be impaired.

The market price of the Resulting Issuer Shares may be subject to wide price fluctuations.

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

Global Financial Conditions.

Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and the United States, as well as concerns over global growth rates and conditions. These factors may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Resulting Issuer. Increased levels of volatility and market turmoil can adversely impact the Resulting Issuer's operations and the value and the price of the Resulting Issuer Shares could be adversely affected.

The Resulting Issuer may not be able to secure additional financing.

The Resulting Issuer may need to raise additional funds through public or private debt or equity financings in order to: (a) fund ongoing operations; (b) take advantage of opportunities, including more rapid expansion of the Resulting Issuer's business or the acquisition of complementary businesses; or (c) respond to competitive pressures. There can be no assurance that the Resulting Issuer will be able to raise the additional funding that it needs to carry out its growth objectives. The development of the Resulting Issuer's business depends upon prevailing capital market conditions, business performance and its ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that the Resulting Issuer will be successful in obtaining required financing as and when needed or at all. If additional financing is raised by the issuance of shares from treasury, shareholders may suffer additional dilution. Capital raised through debt financing would require periodic interest payments and may impose restrictive covenants on the conduct of the Resulting Issuer's business. Furthermore, additional financings may not be available on terms favorable to the Resulting Issuer, and may not be available at all. A failure to obtain additional funding could prevent the Resulting Issuer from making acquisitions or other expenditures that may be required to implement the Resulting Issuer's growth strategy and grow or maintain the Resulting Issuer's operations.

PART I – INFORMATION CONCERNING THE ISSUER

Corporate Structure

Name and Incorporation

The full corporate name of Revelstoke is “Revelstoke Equity Inc.”. Revelstoke intends to change its name to “Zonetail Inc.” as a part of the Merger pursuant to the Subsequent Articles of Amalgamation.

The registered and records office of Revelstoke is located at East Tower, Bay Adelaide Centre, 22 Adelaide St W #3400, Toronto, ON M5H 4E3. The head office of the Corporation is located at 29 Berwick Avenue, Toronto, Ontario M5P 1G9.

Revelstoke was incorporated pursuant to the OBCA on November 14, 2014, and is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario.

General Development of the Business

History

Revelstoke was formed as a CPC under the CPC Policy. Since becoming a CPC, the principal business of Revelstoke has been and is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses for the completion of a Qualifying Transaction and, once identified and evaluated, to negotiate an acquisition or participation, subject to receipt of shareholder approval, where required, and acceptance by the Exchange.

The Revelstoke Shares were listed for trading on the Exchange as a CPC on August 18, 2015 following completion of Revelstoke’s initial public offering of 3,289,300 Revelstoke Shares, at $0.20 per share, as qualified by its final prospectus dated June 10, 2014, under the symbol “REQ.P”. Revelstoke has completed no further financings subsequent to its initial public offering.

On September 14, 2015, Revelstoke entered into the Original Zonetail Letter of Intent and trading in the Revelstoke Shares was halted. The Original Zonetail Letter of Intent was terminated on November 30, 2015 in accordance with its terms. On January 3, 2017, Revelstoke entered into the Jet Power Letter of Intent. On August 31, 2017, the Revelstoke Shares were suspended from trading as Revelstoke did not complete its proposed Qualifying Transaction within the prescribed time frame set out in the CPC Policy, being 24 months from the date of listing. Revelstoke applied for and was granted an extension to the prescribed time frames set out in the CPC Policy in order to complete its proposed Qualifying Transaction with Jet Power by January 5, 2018. As Revelstoke did not complete its proposed Qualifying Transaction within the timing that management found acceptable, Revelstoke held a special meeting of shareholders on November 24, 2017 and the shareholders approved the transfer of the Revelstoke Shares to the NEX board of the Exchange. The Jet Power Letter of Intent was terminated on January 8, 2018 in accordance with its terms. Concurrently with the termination of the Jet Power Letter of Intent, Revelstoke applied for a reinstatement to trading on the NEX board of the TSXV and the

Revelstoke Shares began trading on the NEX board of the Exchange under the symbol "REQ.H" on January 9, 2018.

On January 31, 2018, trading of Revelstoke Shares was halted in connection with the entering into of the Letter of Intent on January 29, 2018 in connection with the proposed Merger. On January 30, 2018, the last trading day prior to the trading halt, the closing price of the Revelstoke Shares was $0.11. Trading of the Revelstoke Shares will not resume prior to the completion of the Merger. Revelstoke has made an application to list the Resulting Issuer Shares issuable in connection with the Merger on the TSXV. There is no assurance that such application will be approved by the TSXV. See *"Part I – Information Concerning the Issuer"* and *"Risk Factors"*.

The Merger will constitute Revelstoke's Qualifying Transaction.

As required by the CPC Policy, Revelstoke has conducted no business operations except in connection with the identification and evaluation of potential acquisitions with a view to satisfying the conditions for a Qualifying Transaction, including the evaluation of the Merger. The Merger was negotiated at arm's length and involves arm's length parties and, therefore, is not a Non-Arm's Length Qualifying Transaction under the CPC Policy. As a result, no meeting of Revelstoke's shareholders is required as a condition to complete the Merger.

Selected Financial Information

Since incorporation, Revelstoke has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential Qualifying Transactions and in meeting the disclosure obligations imposed upon it as a reporting issuer whose shares are listed for trading on the Exchange.

The following table sets forth selected historical financial information for Revelstoke for the fiscal years ended June 30, 2018, June 30, 2017, 2016 and the period from November 14, 2014, being the date of incorporation of Revelstoke, to June 30, 2015. Such information is derived from Revelstoke's financial statements and should be read in conjunction with such financial statements included elsewhere in this Filing Statement including those financial statements attached hereto as Exhibit "A".

Income Statement Data	**Period ended June 30, 2018 (IFRS) (audited)**	**Period ended June 30, 2017 (IFRS) (audited)**	**Period ended June 30, 2016 (IFRS) (audited)**	**November 14, 2014 to June 30, 2015 (IFRS) (audited)**
Total Expenses	$71,703	$65,510	$194,637	$65,693
Net Loss	$71,703	$65,510	$194,637	$65,693

Balance Sheet Data	Period ended June 30, 2018 (IFRS) (audited)	Period ended June 30, 2017 (IFRS) (audited)	Period ended June 30, 2016 (IFRS) (audited)	November 14, 2014 to June 30, 2015 (IFRS) (audited)
Current Assets	$388,682	$473,612	$509,536	$66,300
Accounts Payable and Accrued Liabilities	$16,653	$29,880	$294	$31,993
Shareholders' Equity	$372,029	$443,732	$509,242	$34,307

Management's Discussion and Analysis

Revelstoke's MD&A for the years ended June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015 are attached hereto as Exhibit "B".

The MD&A should be read in conjunction with Revelstoke's audited financial statements for the years ended June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015. The foregoing financial statements have been prepared in accordance with IFRS.

Description of the Securities

Revelstoke is authorized to issue an unlimited number of Revelstoke Shares. As at the date hereof, 3,789,300 Revelstoke Shares are issued and outstanding and 428,930 Revelstoke Shares are reserved for issuance under the Revelstoke Options issued pursuant to incentive stock option plan (the "**Option Plan**"). Each Revelstoke Share carries one vote at all meetings of shareholders, carries the right to receive a proportionate share, on a per share basis, of the assets of Revelstoke available for distribution in the event of a liquidation, dissolution or winding-up of Revelstoke and the right to receive any dividend if declared by Revelstoke.

Revelstoke Options

Pursuant to the Option Plan, the Issuer has issued 428,930 options to directors and officers of the Issuer. Each option is exercisable into one (1) Revelstoke Share at an exercise price of $0.20 per Revelstoke Share and has a term of 10 years, expiring on August 12, 2025. No Revelstoke Options have been exercised as of the date of this Filing Statement.

In connection with the Merger, and subject to approval from shareholders of Revelstoke and completion of the Merger, Revelstoke will adopt the Resulting Issuer Option Plan. See *"Part III – Information Concerning the Resulting Issuer – Stock Option Plan – Resulting Issuer Stock Option Plan"* for a description of the Resulting Issuer Option Plan. In addition, assuming completion of the Merger, it is proposed that Craig Leon, Anton Konovalov and Tim Leon will resign as directors and officers of the Issuer. Pursuant to the option agreements governing the terms of the Revelstoke Options, the Revelstoke Options held by Craig Leon, Tim Leon and Anton Konovalov will expire and terminate on August 12, 2025.

The following table sets out the Revelstoke Options held by directors and officers of Revelstoke as of the date of this Filing Statement:

Name and Position of Holder	Number of Issuer Share Options	Exercise Price ($)	Expiry Date
Craig Leon, Director, Chief Executive Officer, Chief Financial Officer, Corporate Secretary	214,465	$0.20	No later than 12 months following the Merger
Anton Konovalov, Director	85,786	$0.20	No later than 12 months following the Merger
Tim Leon, Director	128,679	$0.20	No later than 12 months following the Merger
Total:	**428,930**		

There are no assurances that the options described above will be exercised, in whole or in part.

Prior Sales

Since the date of incorporation of Revelstoke, Revelstoke Shares have been issued as follows:

Date	Number of Revelstoke Shares	Issue Price Per Share ($)	Aggregate Issue price ($)	Consideration Received
April 9, 2015	1,000,000	$0.10	$100,000	Cash
August 12, 2015	3,289,300	$0.20	$657,860	Cash
Total	4,289,300		$757,860	

In addition, on August 12, 2015, Revelstoke granted an aggregate of 428,930 Revelstoke Options, each exercisable to acquire one Revelstoke Share at a price of $0.20 until August 12, 2025.

As Revelstoke did not complete its qualifying transaction prior to January 5, 2018, Revelstoke held a special meeting of shareholders on November 24, 2017 at which time, pursuant to the CPC Policy, it received shareholder approval to cancel an aggregate of 500,000 Seed Shares (as such term is defined in the CPC Policy) held by non-arm's length parties to Revelstoke.

Stock Exchange Price

The Revelstoke Shares are listed for trading on the NEX Board of the TSXV under the symbol "REQ.H". Trading of the Revelstoke Shares was halted on January 31, 2018 in connection with the announcement of the Merger. On January 30, 2018, the last trading day prior to the trading halt, the closing price was $0.11.

The following table sets forth the high and low daily closing prices and the volumes of trading of the Revelstoke Shares for the periods indicated.

	Price Range		
Period	**High ($)**	**Low ($)**	**Volume**
August 31, 2018 (1)	N/A	N/A	0
July 31, 2018 (1)	N/A	N/A	0
June 30, 2018 (1)	N/A	N/A	0
May 31, 2018 (1)	N/A	N/A	0
April 30, 2018 (1)	N/A	N/A	0
Quarter ended March 31, 2018 (2)	0.11	0.11	1
Quarter ended December 31, 2018 (3)	N/A	N/A	0
Quarter ended September 30, 2018 (3)	N/A	N/A	0
Quarter ended June 30, 2018 (3)	N/A	N/A	0
Quarter ended March 31, 2018 (3)	N/A	N/A	0
Quarter ended December 31, 2018 (3)	N/A	N/A	0
Quarter ended September 30, 2018 (3)	N/A	N/A	0
	N/A	N/A	0

Notes:

(1) Trading of the Revelstoke Shares was halted on January 30, 2018 pending the announcement of the proposed Merger.

(2) Trading of the Revelstoke Shares was resumed on January 8, 2018 on the NEX Board following the announcement of the termination of Revelstoke's Qualifying Transaction with Jet Power before being halted again on January 30, 2018 pending the announcement of the proposed Merger.

(3) Trading of the Revelstoke Shares was halted on September 14, 2015 on execution of the Original Letter of Intent.

Arm's-Length Transactions

The proposed Merger is not a Non-Arm's-Length Qualifying Transaction.

Legal Proceedings

There are no material pending legal proceedings to which Revelstoke is a party or of which any of its property is the subject matter nor are any such proceedings known to Revelstoke to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of Revelstoke is MNP LLP of 50 Burnhamthorpe Road West, Suite 900, Mississauga, Ontario L5B 3C2.

TSX Trust Company, at 200 University Avenue, Suite 300 Toronto, Ontario M5H 4H1, is the transfer agent and registrar for the Revelstoke Shares.

Material Contracts

Revelstoke has not entered into any material contracts since incorporation, other than the following:

(a) the agency agreement dated as of June 10, 2015 between Revelstoke and Hampton Securities Limited in respect of Revelstoke's initial public offering;

(b) the CPC Escrow Agreement;

(c) the transfer agency and registrarship agreement dated as of April 23, 2015 between Revelstoke and Equity Financial Trust Company (now TSX Trust Company);

(d) the Original Zonetail Letter of Intent;

(e) the Jet Power Letter of Intent;

(f) the Letter of Intent;

(g) the Agency Agreement; and

(h) the Merger Agreement.

Copies of these agreements are available for inspection at the head office of Revelstoke at no cost, at any time during ordinary business hours and until 30 days after the completion of the Merger.

PART II – INFORMATION CONCERNING ZONETAIL

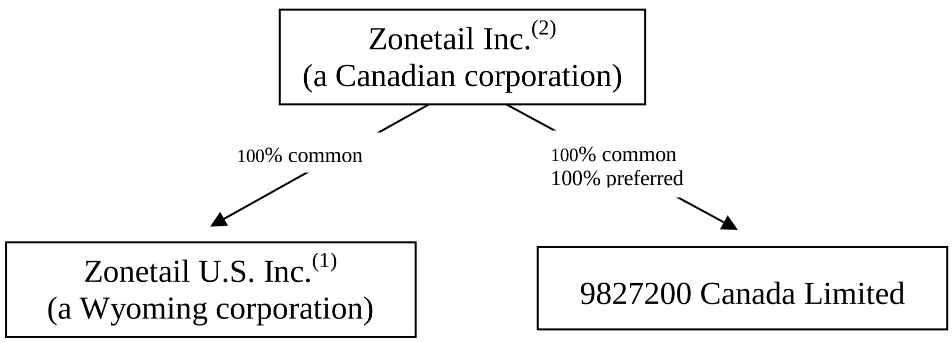
Corporate Structure

Name and Incorporation

Zonetail Inc. was incorporated on March 14, 2013 under the laws of Canada pursuant to the CBCA. On October 19, 2018, Zonetail filed Articles of Continuance under the OBCA and, as a result, Zonetail exists under the OBCA. The head office and registered office of Zonetail is located at 20 Dalhousie Street, Toronto, Ontario, M5B 2A5. Zonetail is not a reporting issuer in any jurisdiction in Canada. There is no public market for the Zonetail Shares.

Intercorporate Relationships

The following organizational chart demonstrates the corporate structure of Zonetail:



(1) Zonetail U.S. Inc. currently carries on no business and is not in good standing in the State of Wyoming.
(2) Zonetail will continue under the OBCA provided it obtains shareholder approval for the continuance at the Meeting.

General Development of the Business

History

Zonetail's principal business is providing to businesses a free, cloud-based, property specific, mobile platform that allows Zonetail's customers' businesses to provide to their end customers a free mobile application. This mobile application allows the businesses to provide their end customers with valuable, relevant and helpful information – information about the property and information about the surrounding local area or zone. Zonetail monetizes this business model by selling advertising and sponsored content to the local area retailers who wish to target these end customers. Zonetail operates in two verticals: hotels and condominiums. Zonetail provides its mobile platforms to the buildings and their respected end users, hotel guests and condo residents.

<u>2015 Milestones and Diversification</u>

In July 2015, Zonetail secured its first Series A round of equity financing of $2,300,000. This facilitated accelerated North American hotel customer acquisition, achieving over 100 hotels by August 31, 2015.

Concurrently, a strategic alliance relationship was secured for Zonetail's second vertical: condominiums. A strategic alliance agreement was secured with Shiftsuite, a Toronto-based company that provides a web-based property management system to over 320,000 condominium units in Canada. Zonetail is the mobile, tenant facing technology to this platform. Zonetail used the funds from the Series A financing to continue to drive North American hotel customer and advertiser acquisition, and to develop the technology and app to roll-out the condo vertical.

In November 2015, Zonetail entered into a 'preferred vendor' agreement with the Asian American Hotel Association, or AAHOA. AAHOA is the largest hotel owner's association in the world, whose members own over 25,000 hotels across the continental United States. In February 2016, AAHOA's CEO and President, William 'Chip' Rogers accepted a position on Zonetail's Board of Directors.

2016 and 2017 Milestones

In April of 2016, Zonetail signed an agreement with AAHOA, which elevated Zonetail's relationship from a preferred vendor, to 'Club Blue' status, the highest level of partnership AAHOA offers. This agreement allows Zonetail to provide its hotel mobile platform to all AAHOA member hotels, which has substantially increased Zonetail's hotel portfolio.

From January 2016, to February 2018, Zonetail secured various forms of bridge financing totalling over $1,650,000. Zonetail used funds from the bridge financing to develop and secure the relationship with AAHOA, and to complete the development of the condominium mobile platform.

Recent Developments

In February 2018, Zonetail's condominium platform launched.

In March 2018, the consolidated Zonetail hotel platform launched, which will incorporate all Zonetail supported hotels into one single application. This was a major milestone in the hotel vertical roll out.

In July 2018, Zonetail completed the Financing. For more information, see *"Summary of the Filing Statement – The Financing"*. Zonetail also secured bridge financing until the completion of the Merger of $325,000 pursuant to a term sheet dated July 25, 2018 between Zonetail and Belgravia Capital International Inc. ("**Belgravia**") of Toronto, Ontario. Pursuant to the term sheet, Belgravia agreed to provide Zonetail with two tranches of a loan: tranche 1 was advanced on July 25, 2018 in the amount of $200,000 and tranche 2 was advanced on August 6, 2018 in the amount of $125,000. As consideration for the bridge loan, Zonetail issued 1,805,555 Zonetail Warrants to Belgravia on August 20, 2018. In addition to the Zonetail Warrants, the bridge loan was subject to a one-time interest payment at a rate of 8%, payable in 144,444 Zonetail Shares at a price of $0.18 per Zonetail Share. The bridge loan matures on release of the Escrowed Proceeds. Lastly, Zonetail has received subscription agreements in connection with the Additional Financing and anticipates closing the Additional Financing immediately prior to the Merger.

Significant Acquisitions and Dispositions

Zonetail has made no significant acquisitions or dispositions.

Narrative Description of the Business

Summary

Zonetail provides a SaaS (“**software as a service**”), cloud-based, mobile platforms to hotels and condominiums connecting the guests of a hotel and residents of a condo to the amenities and services of their building through the convenience of their personal mobile device. The Zonetail mobile platforms are offered free to its customers, partners and end users and is monetized by selling advertisements and sponsored content on these mobile platforms to local, regional and national advertisers.

Zonetail’s mission is to provide its partners and businesses with a mobile platform which in turn helps businesses improve their end user experience and lead to further monetization opportunities and operating efficiencies. Zonetail accomplishes this by providing hotels and condo management companies not only the technology and platform that contains content specific to that property, but also content specific to that local area or zone.

In the case of hotels, Zonetail provides hotels a mobile platform that allows them to offer to their guests all the information found in the hotel compendium and website directly on the guest’s mobile device. The platform has many features designed to make the guest’s stay simpler and more enjoyable.

In the case of condos, Zonetail provides condo management companies a mobile platform that allows them to offer to their residents all the information found in the building website directly on the resident’s mobile device. The platform has many features designed to make the resident’s management of their property simpler and more enjoyable by digitizing the communications between the property management company and the resident.

Zonetail’s business model is based on the following levers:

1. Acquisition of hotel and condo customers to secure a large amount of end users that can be monetized.

2. Acquisition of local, regional and national advertisers.

Phase one of Zonetail’s ‘Go-To-Market’ strategy was focused on property acquisition. Phase One is now considered to be complete, as the company’s portfolio of hotels and condominiums has surpassed the targeted goals. Zonetail will continue to increase the property portfolio, but it is no longer considered the top priority.

Phase Two of the Go-To-Market strategy is now set to begin, which is the sale of advertising to monetize the property portfolio.

In conjunction with the launch of Phase Two, Zonetail will look to enhance the travel/hotel mobile platform with a reservation booking engine which is still under development.

Principal Products and Services

Zonetail's business is based on a SaaS, cloud-based, mobile platforms, one for hotels and one for condos. The platforms have two key components consisting of: (1) a content management system ("**CMS**") and (2) an end user interface consisting of a location-based mobile application. Zonetail's hotel and condo business customers use the CMS to provide their end users with relevant content and to provide business operating efficiencies by providing this information directly on the individual end user's mobile device, reducing and/or eliminating the need for labour to do the same.

Once the hotel has engaged with Zonetail, the hotel platform is accessed by the hotel via a sign-in to the CMS, allowing the hotel to enter their property specific content. Once the content has been completed, the hotel information and connectivity is made available to the hotel's end users through the 'Zonetail' app via the app stores, both iOS and Android, and is communicated by the hotel directly to its guests to generate downloads.

The condo product is distributed to the condo management companies via an application programming interface ("**API**") that connects to their existing Property Management System ("**Shiftsuite's PMS**"). The product is made available to the condo end user via the app stores, both iOS and Android, communicated by the property management companies to its residents.

As part of the usage of funds from this raise, Zonetail intends to develop a hotel booking engine that will aim to incorporate the use of blockchain technology. The booking engine will allow travellers using the Zonetail app to search for a hotel and book a room through the application.

As a development stage business, Zonetail has not had significant revenues from its hotel or condo apps to date. However, now that both platforms are considered to be commercially viable, and the portfolio of properties are secured, a significant portion of the funds from the Financing and Additional Financing will be dedicated to developing a sales team in an attempt to drive revenue for both the hotel vertical and condo vertical.

Stage of Development – Hotels

Zonetail has recently released version 2.0 of the hotel platform which allows all Zonetail supported hotels to be on one single application, eliminating the use of single hotel, white-labeled apps. Zonetail is now in the process of migrating all existing 'white-labeled' hotel apps into the single app, and systematically removing the stand alone, white-labeled apps from the app stores. In addition, we are actively adding more hotels from our portfolio of properties to the platform.

Zonetail will begin development of Version 3.0 of the hotel app with funding from the Financing and Additional Financing that will expand the functionality of the mobile platform, increase its core offerings, establish connectivity to other relevant systems and strategic partner offerings, as well as incorporate the hotel booking engine which is currently in development.

Zonetail plans to maintain some in-house technological capabilities, but will continue to use select outside partners to accelerate speed to market on some functionality areas, particularly the development of the booking engine.

With respect to the booking engine, it will be designed to drive direct hotel reservations through the Zonetail app and help them reduce their dependency on online travel agencies (“OTAs”). As currently planned, reservations made through the Zonetail app will provide Zonetail with a commission based revenue stream for each reservation made through the app. It is anticipated that the commission will be priced below the commissions charged by the OTAs, thus providing the hotels with direct savings. This is made possible by the integration of blockchain technology which will provide a decentralized platform for booking hotel rooms and renting condominiums. All listings and deal parameters will be decentralized, eliminating intermediary commissions, providing immediate and transparent execution, validating transactions (replacing trusted 3rd parties and intermediaries), and providing arbitration (automatic cost settlement) and cheaper international payments.

The blockchain component is planned to be built on the Ethereum platform as it provides security, smart contracts and the Ethereum virtual machine (EVM). A closed federated database will be used to provide real time inventory and room rates, and will aim to include all of our hotel and condo properties. It is currently contemplated that when a user decides to rent a room through the app, it will notify the EVM which will create a smart contract between the user and the hotel. The hotel PMS will be notified by the EVM to remove the inventory and issue a confirmation of the reservation details, which will then be provided to the user.

The database will not only allow for accountability, but may also provide a rich resource for data mining in the future.

Anticipated funding for Version 3.0, which includes the booking engine, is $345,000 - $500,000 and completion is targeted for Q1 2020. There are no required regulatory approvals.

Stage of Development – Condos

Zonetail has completed development of version 1.0 of the condo mobile platform. Funding will help complete version 2.0 which will add enhanced features for the condo residents, the property management companies and the advertisers. For this development, Zonetail is using an outside technology development company in addition to internal Zonetail development resources.

It is anticipated that $40,000 - $50,000 is required for completion.

Operations

With each new hotel, Zonetail’s onboarding team uploads the property specific information as well as the local area information into the existing ‘Zonetail” hotel app. The onboarding team then provides the hotel with user logins so the hotel can maintain their own content. Zonetail then provides the hotel with marketing material to communicate to the hotel guests how to download the app.

The condo specific content is obtained through an API from the specific condo property management system (Shiftsuite). The Zonetail on-boarding team will populate the condo app with local area content and provide the property management corporation with marketing material to inform the residents on how to download the application.

Zonetail's sales team solicits and secures advertisers once a hotel or condo property is secured and this is added to the Explore or local side of the mobile app.

Zonetail's operations are currently organized into four different teams, divided primarily along functional lines and described below:

- **Sales:** There are two separate sales teams: one for advertiser acquisition; one for hotel and condo acquisition.

- **Operations**: This team is responsible for general company operations. Additionally, this team is responsible for upkeep of product content and for managing the relationships with our hotel and condo clients to generate downloads.

- **Technology**: This team is responsible for the overall implementation of the product road map both for the hotel offering and the condo offering. Zonetail currently outsources the tech development of the mobile application and content management system. Going forward, staff will be added to eventually bring this competency in-house.

- **Marketing**: The branding, communications and website is maintained in-house. From time to time, Zonetail retains the services of outsourced specialists and consultants depending on the project.

Zonetail is very reliant on its relationships with AAHOA and Shiftsuite. The termination of either contract in the 12 months following this filing statement would have a materially negative effect on the business.

Facilities

Zonetail has two offices – Toronto, Ontario and Monrovia, California.

Zonetail's head office is located at 20 Dalhousie St. Toronto, Ontario, Canada, M5B 2A5. The Monrovia office is located at 605 Huntington Drive, Monrovia California, CA, 91016.

Zonetail leases the main office premises from a third party. The lease consists of monthly payments of $6,360 and expires September 30, 2020.

Employees

As of September 30, 2018, Zonetail had 3 full-time employees and 5 contract employees. None of Zonetail's employees are represented by a labour union or covered by a collective bargaining agreement. Zonetail has not experienced any work stoppages and considers its relations with its employees to be in good standing.

Seasonality

There is no particular seasonality to the Zonetail business.

Market

Industry Overview

Zonetail's business touches three key industries: hotels within hospitality, condos and mobile advertising, each of which is described below.

<u>Hotels and Hospitality</u>

The global hotel industry is massive. The global hotel industry revenue was approximately \$490B in 2015. (Source: Statista "Global hotel industry retail value from 2010 to 2018" Dec, 2016). As of August, 2015, there are approximately 5 million hotel rooms in the U.S. (Source: Business Travel News "U.S. Hotel Supply Breaks 5 Million-Room Mark" Aug. 13, 2015). Members of Zonetail's partner, AAHOA, own almost 1 of every 2 hotels in the United States (Source: http://www.aahoa.com/about-aahoa).

Important performance measures for the hotel industry are average daily rate ("**ADR**"), revenue per available room ("**RevPAR**"), and occupancy rate. Despite the recent boom in hospitality and occupancy rates, ADRs and RevPARs, the online travel agents' ("**OTAs**") market share is increasing putting downward pressure on hotel margins and jeopardizing the hotel property's ownership of the guest relationship. In 2007 the ratio of direct hotel bookings vs OTA was 85%/15%. By 2015, that ratio has increased to 64%/36%. (Source: HeBsdigital.com – Hoteliers Action Plan to Win Back Market Share.) Concurrent with this challenge, hotels are actively targeting future hotel guest, specifically millennials, as they represent a large portion of future customers, are digitally savvy and have different travel needs. Concurrently, new business models, such as AirBnB, are squeezing hotels' margins even further.

As a result, hotel brands, independent hotels, hotel management companies and suppliers in the hotel ecosystem are looking for business and growth strategies for hotels to combat this margin erosion while retaining ownership of the guest relationship. Further, in spite of recognizing the need for mobile platforms, most hotels do not have the budget to develop or purchase their own mobile platform.

One such strategy is digital marketing and, within that, mobile applications with most large brands offering a check-in/check-out app or a loyalty app. Other competitive mobile applications exist within the North American market including guest management tools and consumer facing tools, but most are offered as a monthly subscription to hotels. Zonetail, recognizes the financial pressures hoteliers face, and unlike its immediate competitive set, offers its app free to hotels.

Further, given the turnkey nature of Zonetail's platform and CMS, hotel labour for implementation is minimized unlike competitive mobile platforms of which Zonetail is aware.

To date, Zonetail has secured access to over 25,000 hotels across the U.S. and Canada. Zonetail will continue to focus on the North American hotel market while expanding into markets in Europe and Asia as resources permit.

Condos

The portion of people living in urban areas increased 17 basis points between 2000 and 2010 to 80.7% (rural areas shrank to 19.3%) (Arthur C. Nelson, "The resettlement of America's suburbs," Planning Theory and Practice, Sept/2013).

77% of millennials want to live in an 'urban core', many of which will have lived in the suburbs and will bring consumption habits with them. In the U.S., 1 million people per week are moving into cities. (Source: Arthur C. Nelson, "The resettlement of America's suburbs," Planning Theory and Practice, Sept/2013).

With its strategic relationship with Shiftsuite in place, Zonetail has launched into the condo vertical. Zonetail will begin in Canada and expand into other markets by capitalizing on opportunities as they arise.

Zonetail is currently seeking additional relationships with other property managers and property management system providers in Canada and the U.S.

Mobile Advertising

With hardware innovation, and mobile and smart phone penetration reaching levels of 75% - 80% in North America, marketers realize reaching their customers via mobile is a valuable marketing strategy. However, with mobile representing 10% of consumers' media time, advertisers are currently under-indexing at 1% of the ad spends (see: http://www.comscore.com/Insights/Blog/Teens-Older-Demos-Driving-Gains-in-U.S.-Smartphone-Penetration, http://www.emarketer.com/Article/Over-Half-of-Canadas-Popular-Use-Smartphones-2105/1011759, http://www.marketingcharts.com/online/mobile-to-surpass-print-ad-spend-in-2015-58798/attachment/emarketer-us-ad-spend-share-by-medium-2014-2019-sept2015/).

Further to this opportunity is the trend of growth in local ad spending in mobile, projected by BIAKelsey to be 58% of the $9.9 billion mobile spend in 2016 (Source: BIAKelsey 2012). This trend of "localism" is further reinforced by hotels looking to differentiate themselves more by providing a more local travel experience. The Rise of Local in Hospitality, Skift Report #4, 2013

Zonetail is well positioned to not only take advantage of this trend towards local, mobile advertising with its "anchored local" differentiation, but can also take advantage of national advertisers looking for scale, at a local level.

Ongoing Development

Given the nature of technology and its development, obsolescence is an issue affecting businesses that use "today's" technology. Zonetail plans to continue to evolve its product to avoid obsolescence through a number of strategies including employing an in-house Chief Technology Officer, technology development team, continual monitoring of business and customer needs, the on-going review of competitive and adjacency offerings, and regular review of Zonetail specific mobile platform analytics including install rates and usage parameters.

Growth Strategy

Zonetail has identified eight main growth opportunities that it plans to capitalize on: hotel acquisition to scale, condo/luxury apartment acquisition, mobile app audience expansion and engagement, advertiser expansion, product offering horizontal and vertical diversification, data expansion and monetization and hotel reservations and international expansion.

1. Zonetail will continue to onboard more hotels and condos, adding to our overall property portfolio,

2. Commercialize the existing hotel and condo properties by expanding the advertiser penetration by market and by type i.e. local, regular and national advertisers,

3. Continue to optimize both the hotel and condo mobile apps end user audience through downloads and engagement,

4. Through tech development, begin the capture of data, analytics relevant for Zonetail's customers and develop monetization strategies,

5. Develop and implement the hotel booking engine,

6. Expand operations into new markets in Europe and Asia as opportunities arise.

Marketing Plans and Strategies

Zonetail's marketing and sales efforts are summarized below:

Marketing:

Hotel Customer Acquisition

Hotel customer acquisition is the foundation to securing advertising audiences, and as such, four key strategies are in place:

1. Industry trade shows are a critical marketing strategy for Zonetail for both property acquisition and hotel engagement.

2. Strategic partnerships is another strategy utilized to acquire more hotels. By targeting complimentary companies in the hotel ecosystem that have large hotel market penetration, Zonetail is able to continue to add to the hotel portfolio.

3. Zonetail targets targeted specific hotel associations that also adds to hotel acquisition.

4. Zonetail will develop cost effective online communications, including:

    - Content production including video, white papers, shareable visual/headline posts, etc.

    - An online media plan (including retargeting) that drives traffic to landing pages and converts, including pay per acquisition programmatic video distribution.

    - An active presence and following through social media (Twitter, LinkedIn, YouTube, Facebook, Instagram).

    - Public relations and media support activity including retaining a P.R firm to issue press releases to targeted publications and blog lists with content based on Zonetail significant events, product upgrades and news.

Zonetail's mobile apps generate revenues from advertisements and accordingly, Zonetail has sales resources targeted at building and maintaining advertising relationships.

Sales:

Zonetail Hotel Acquisition

There are an estimated 200,000+ hotels worldwide, with over 50,000 in the U.S. alone (Source: http://www.ahla.com/content.aspx?id=36332, http://www.tnooz.com/article/how-many-hotels-in-the-world-are-there-anyway-booking-com-keeps-adding-them).

Zonetail's current focus is on the U.S./Canadian markets with plans to expand into Europe and Asia.

As of August, 2015, there are approximately 5 million hotel rooms in the U.S. (Source: Business Travel News "U.S. Hotel Supply Breaks 5 Million-Room Mark" Aug. 13, 2015).

Zonetail's primary client in the hotel vertical is AAHOA, the largest owner association of hotels in the world. All of AAHOA's hotels are located in the continental U.S. Members of Zonetail's partner, AAHOA, own almost 1 of every 2 hotels in the United States (Source: http://www.aahoa.com/about-aahoa).

Zonetail holds "Clue Blue" status with AAHOA, which is the highest level partnership that AAHOA offers. This agreement with AAHOA renews annually, and provides Zonetail with the ability to include all AAHOA member hotels onto the Zonetail hotel platform. The agreement with AAHOA is deemed to be secure, as AAHOA's CEO and President, William 'Chip' Rogers has accepted a position on Zonetail's Board of Directors.

The signing of hotels is performed by a specific group of highly trained people within Zonetail, with direct oversight of the team managed by Mark Holmes (President and Chief Executive Officer) and Ken Singh (V.P. Strategic Partnerships) and William Rogers.

Zonetail has a two-pronged approach to signing hotels:

- **Top down**: Targeting C-level and Executive level management of large chains, associations and hospitality companies through Zonetail's numerous industry contacts, as well as strong representation at industry trade shows.

- **Bottom up**: Targeting independent properties and smaller hotel groups through defined marketing and social media strategies and client referrals.

Zonetail Condominium Acquisition

The initial condo customer acquisition was achieved through the strategic alliance with Shift Next Level Innovations Inc. ("**Shiftsuite**"), one of the largest providers of property management systems for condos in Canada. As a result of that partnership, Zonetail gained access to Shiftsuite's more than 2500 buildings in Canada, representing over 320,000 units, all of which are customers of Shiftsuite which also represents approximately 25% of the entire Greater Toronto Area condominium market. Shiftsuite continues to grow and acquire more buildings in their portfolio, and as they grow, Zonetail has the opportunity to grow with them.

Zonetail's agreement with Shiftsuite, dated June 18, 2015, is in effect for a term ending June 17, 2018, with an automatic renewal for successive one year periods unless either party gives written notice of termination to the other party prior to the end of each one year period. Under the agreement, Zonetail is the exclusive provider of a condominium mobile platform to Shiftsuite. Zonetail is responsible for the development and performance of the condominium mobile platform and its other services for property managers that are referred to Zonetail by Shiftsuite (each a "**Shiftsuite PMC**"). Zonetail provides Shiftsuite its own white-labelled app that provides the functionality of user log in to select the user's building from the app. Zonetail performs, schedules, staffs and manages all Zonetail services rendered under the agreement and each engagement with a Shiftsuite PMC is on terms determined by Zonetail at its sole discretion. Shiftsuite is responsible for marketing the Zonetail app and Zonetail services to its member property managers and provides technical support to allow the Zonetail app to interact with the relevant subset of Shiftsuite's services to the property managers.

Additional condo acquisitions are achieved through two methods:

1. Utilizing targeted online and social media marketing campaigns outlining the benefits the Zonetail platform provides to its condo customers, in conjunction with its responsive website.

2. Zonetail's existing client base of hotels often also own numerous condominium buildings within their larger group of holdings. In some specified cases, usually within the luxury hotel market, four and five star hotels are constructing mixed usage buildings on the same footprint – in other words, half hotel, half condo. Zonetail can now offer a two app solution to these properties, one app for their hotel and guests, and the other for their condo and residents.

3. Zonetail plans to attend key condominium tradeshows to gain additional exposure in the condo market in Canada and the U.S.

Zonetail Ad Sales & Monetization

Zonetail's hotel and condo mobile apps rely on advertising for revenues. The advertising is sold on either a monthly or annual subscription.

The Zonetail hotel and condo platforms rely on the sale of advertising to local businesses surrounding each property. Zonetail's standard form contract with advertisers provides that Zonetail will include the advertiser's advertisement in certain hotels and condos agreed therein for a period of time as agreed between the parties.

Zonetail Hotel Ad Sales

The sale of the advertisements on the hotel platform is achieved through two key means. Firstly, upon engaging with Zonetail, the hotel supplies Zonetail with a list of businesses that they would like to see included on their mobile app. Zonetail's sales team contacts these businesses, with an introduction and recommendation from the hotel, and Zonetail's sales team gives them first right of refusal to participate. Secondly, the sales team contacts other businesses in the area to solicit their participation on the hotel platform with an ultimate average target of $5,000.00 of advertising sold per hotel property, annually.

As Zonetail grows its hotel and condo portfolios, Zonetail anticipates a large portion of its advertising revenue to be generated from regional, national and eventually international advertisers who purchase multiple properties, across a wide geographical region in bulk.

The experience gained through the 55-year legacy business, Kingsway Agencies (a company owned by Zonetail's CEO, Mark Holmes), gives management a unique insight, and advantage, in developing and growing Zonetail's sales team to meet its forecasted targets.

Zonetail is currently developing its sales force in Canada and the U.S.

Strategic Sales Partnerships

Zonetail is also actively pursuing strategic relationships with hotel in-room guest directory providers across Canada and the U.S., specifically in targeted regions where it does not currently have its own sales team in market, to sell advertising on the platform. There are many companies across North America who are finding it increasingly difficult to market their existing printed products, as hotels are phasing out the in-room guest books, and these companies are in need of a new product to sell. These partners would sell advertising on the Zonetail platform and will be compensated with straight commissions.

Zonetail Online Marketing

Zonetail plans to invest in online marketing to acquire new customers for its hotel and condo platforms through its website and targeted social media campaigns.

Zonetail's marketing department is tasked with growing the Zonetail consumer base, utilizing digital and social marketing campaigns in conjunction with targeted B-to-B advertisements in industry publications. As new advertisers enter Zonetail's mobile apps, the results are tracked and measured, and this data assists in better targeting future marketing initiatives and in identifying new prospective clients.

Zonetail's marketing department is also charged with engaging Zonetail's existing customers who are benefiting from the platform to encourage them to purchase advertising on new hotels and condos as they become available.

Zonetail Condos

The sale of advertising in the condo vertical works in the same manner as the hotels, and the same sales people are used to sell the ads. The only difference is that Zonetail has already reached significant scale in this vertical in the Toronto market through its Shiftsuite agreement, allowing more emphasis to be focused on the regional and national ad accounts in the early days.

The unique factor with the condo vertical, is that potential advertisers currently target condo residents through an ineffective means, namely, direct mail. Zonetail allows for a much more effective way of communicating with this highly sought after, and lucrative market, with both a projected higher adoption rate and at a greatly reduced cost.

Competitive Conditions

Zonetail faces competition from various types of digital, mobile and analog platforms. These competitors fall within five key areas:

1. Branded hotel mobile applications: Most hotel brands have a check-in/check-out app or a loyalty point app. These apps have large members and are often part of the marketing support offered to franchised properties. However, these apps do not provide the property specific information, nor do they provide local information around properties that guests are looking for.

2. Individual property mobile apps and responsive design websites: Some individual properties have invested in their own mobile application – often a costly outlay. Additionally, recently there is a trend to increase the number of responsive designed websites that appear in a more mobile friendly manner. Though some of the functionality of these responsive designed sites is improving, they tend to remain a pre-arrival marketing tactic only, versus an on premise guest management tool like Zonetail.

3. Other mobile app platforms: There is an increasing number of hotel targeted mobile platform developers including Ice, Intelity Alice, Virtual Concierge, Iris Software. The Hotel Communications Network and more. These tend to be enterprise and operations orientated systems that charge hotels a paid monthly subscription and thus may have a slower adoption rate compared to Zonetail. A few condo property management companies also provide a mobile app.

4. Adjacencies: There are numerous web and mobile based directory solutions to find local information, such as Google, Yelp, Trip Advisor, YP (Yellow Pages), Gogobot, Nearme, Living Social, Amazon Local, Flavour and Localeur. While many are location based, they do not provide access to the amenities and services of the hotels or condos.

5. Analog in-room directories: There are many hotel brands that continue to have the hardcover, in-room directories that provide hotel information and amenities, however, more and more hotels are phasing out the in-room guest books.

Zonetail's Competitive Strengths

Anchored local:

The majority of peoples' lives are spent in and around specific locations, whether that's at home, work, or away at a hotel. There is a need to organize information in and around these places making them more useful and accessible. Zonetail addresses this need through its 'anchored local', approach, providing information to hotel guests and condo residents on the businesses and services in their immediate area.

Location-based apps such as Yelp, 4 Square, and Trip Advisor tend to provide unstructured, general area information. Zonetail is anchored to the places where people live, stay, work or congregate, providing property information, interaction and access, while also providing contextually relevant, and targeted information in a defined geographic area surrounding each property.

Zonetail focuses on the local neighborhood, making the hotel and condo a local knowledge hub and adding to the guest/resident experience.

In terms of the hotel guests, outside of Zonetail, there is information on the property they can learn about before and during their stay. However, Zonetail provides the information in one place and easily accessible. Zonetail puts all the information in the palm of the guest user's hand. Guests can interact with the information and hotel wherever they are, inside or outside the property.

Mobile ad CMS: Advertisers can, not only directly target, but also change their messaging in real-time, making their ads contextually relevant to the current day, occasion or season.

Data and Analytics: Zonetail continues to develop specific data capabilities including: usage, profiling, behaviour and interests.

The Zonetail app is free and it pays: Zonetail offers revenue sharing opportunities to hotels and condo boards/tenants/partners.

Proprietary Protection

Zonetail will put in place policies to protect proprietary and confidential information outside of Zonetail and its businesses. All proprietary data (e.g. source code) will be stored using reputable companies with appropriate policies. Where necessary, Zonetail will employ the use of non-disclosure agreements before granting access to sensitive and confidential information and technologies. In addition, Zonetail will implement security best practices, including SSL for API endpoints, password hashing/salting, secure storage of API keys and industry standard encryption.

Future Developments

The Zonetail condo app version 2.0 is currently in development. We consider the current version 1.0 to be commercially viable.

1. The technology team is currently adding new features to the condo app (v.2.0) that will enhance the user's experience, including ledger display and booking amenities. The estimated cost is $30,000, to $50,000 and is estimated to be complete by Q4 2018.

2. The sales team is in the process of developing a full sales plan to sell the advertising against the condo platform.

The Zonetail app will undergo a rebuild to bring the technology up to date, as well as providing the integration necessary to successfully introduce the hotel booking engine.

1. The technology team is currently producing the scope of work that will define the updated feature set and updated UI/UX. Once complete the development team will begin writing the new code for v3.0 of the application. The projected cost on this is $75,000 to $100,000 and it is expected to take three to six months to complete.

2. The technology team will then work with an outsourced tech team in conjunction with our in-house capabilities to develop the blockchain based booking engine, that will allow users to search for a hotel, book the hotel and handle the transaction utilizing 'smart contracts'. The estimated time to develop and test the booking engine is 18 months. The cost is projected to be $350,000 to $400,000.

3. The sales team is currently updating the roll-out strategy and sales plan to sell advertising against the hotel app.

Completion of the above is expected to be in Q1 2019.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Financial Information

The following table sets forth selected historical financial information for Zonetail for the financial years ended December 31, 2015, 2016 and 2017 and quarterly information for 2017 and the three-month periods ended March 31, 2018 and June 30, 2018.

	Three months ended						**Twelve months ended**		
Income Statement Data	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	December 31, 2017	December 31, 2016	December 31, 2015
Total Revenues	17,218	11,218	9,375	6,162	5,749	21,120	43,973	80,892	38,609
Net Income/(Loss)	(165,767)	(194,155)	(194,492)	(173,148)	(294,540)	(441,054)	(727,562)	(1,508,067)	(2,218,143)
Cash Dividends Declared	nil	nil	nil	nil	nil	nil	nil	nil	nil

Balance Sheet Data	As at 31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	As at December 31, 2017	December 31, 2016	December 31, 2015
Total Current Assets	34,348	39,646	38,677	102,668	288,401	99,981	102,668	765,675	222,704
Total Non-Current Assets	25,993	23,565	20,411	17,257	14,634	13,547	17,257	25,383	58,644
Total Assets	60,341	63,211	59,088	119,925	303,035	113,528	119,925	791,058	281,348
Total Current Liabilities	1,624,600	1,678,492	1,978,344	1,913,782	1,983,151	2,365,628	1,913,782	2,141,417	282,350
Total Shareholders Equity	(1,564,259)	(1,615,281)	(1,919,256)	(1,793,857)	(1,680,116)	(2,252,100)	(1,793,857)	(1,350,359)	(1,002)
Total Working Capital	(1,590,252)	(1,638,846)	(1,939,667)	(1,811,114)	(1,694,750)	(2,265,647)	(1,811,114)	(1,375,742)	(59,646)

(1) Prepared in accordance with IFRS.

Management's Discussion and Analysis

Zonetail's December 31, 2017 MD&A should be read in conjunction with the audited financial statements and related notes thereto for the financial year ended December 31, 2017 and the unaudited interim financial statements and related notes thereto for the period ending June 30, 2018. The MD&A comparisons for the foregoing periods were prepared in accordance with IFRS. Zonetail's MD&A, together with the applicable financial statements, are attached hereto at Exhibits "C" and "D".

Trends

Factors Concerning the Company's Financial Performance and Results of Operations

Zonetail believes the most significant factors and trends that affect its financial performance and results of operations are as follows:

Regulatory and Industry Advertising Standards: The digital advertising environment is nascent and new dynamics are affecting and challenging the new ecosystem of advertising distribution, sales and consumer adoption. Though Zonetail's advertising content is delivered uniquely, Zonetail is aware of these potential threats and disruptive dynamics.

Competitive Conditions: Zonetail competes in North America with a number of competitors including hotel brand mobile apps, stand along subscription mobile apps, adjacencies and potentially not yet launched new business models. Zonetail's ability to understand is customer's business challenges, and strategies as well as these businesses' end users travel and local needs will need to stay at the forefront of all Zonetail market analysis and growth plans.

More horizontally integrated mobile technology: Several hotel brands and some standalone mobile competitors are beginning to develop in house or as a commercial offering, more horizontally diversified product offerings. These offerings range from guest acquisition, Customer Relationship Management software, reservation systems and PMS integration, digital marketing and reputation management. Zonetail needs to ensure this strategy and these offerings don't pre-emptively lock out Zonetail while it looks to itself provide a more diversified offering.

Reduced advertising pricing levels: As the digital advertising media and delivery business continue to evolve with systems such as Programmatic, Real Time Bidding and additional adjacencies, there is the potential for advertising prices to fall. Zonetail will continue to monitor these new systems and their effects on market pricing, while concurrently evolving its product's value proposition and data capture capabilities which warrant premium pricing vs conventional current digital advertising inventory formats of banners, take-overs and rich media.

Description of the Securities of Zonetail

Securities

At October 31, 2018, the authorized capital of Zonetail consists of an unlimited number of common shares of which 40,148,420 common shares are issued and outstanding. None of the Zonetail Shares are listed or posted for trading on any stock exchange. In addition, an aggregate of 7,158,051 Zonetail Shares are issuable pursuant to the exercise of Zonetail Warrants and 1,044,000 Zonetail Shares are issuable pursuant to the exercise of outstanding Zonetail Options. A further 6,621,762 Zonetail Shares shall be issuable to Debtholders on completion of the Debt Conversion, together with an additional 6,621,762 Debt Conversion Warrants which shall entitle the holders thereof to 6,621,762 Zonetail Shares, subject to the terms of the Debt Conversion Warrants. The number of Zonetail Shares and Debt Conversion Warrants issuable pursuant to the Debt Conversion may change depending on the date of the completion of the Qualifying Transaction and applicable currency exchange rates. Upon the completion of the Qualifying Transaction and subject to required regulatory approval, the outstanding Zonetail Options, Zonetail Warrants and Debt Conversion Warrants will entitle the holder thereof to that number of Resulting Issuer Options and Resulting Issuer Warrants as the holder is entitled in accordance with the Exchange Ratio.

On July 13, 2018, Zonetail completed its Financing and issued: (i) 11,130,092 Subscription Receipts, which are exchangeable into 11,130,092 Zonetail Shares, (ii) 774,296 Agents' Compensation Warrants, which are exchangeable into 774,296 Zonetail Shares, and (iii) a further 222,602 Zonetail Shares as compensation to the Agents (see *"Description of the Securities of Zonetail – Subscription Receipts"* and *"—Financing"*).

In addition to the Financing, Zonetail has received subscription agreements for an additional 833,356 Zonetail Shares for aggregate gross proceeds of $150,004 at $0.18 per Zonetail Share. Zonetail plans to close the Additional Financing immediately prior to the Merger. . In connection with the Additional Financing, Canaccord Genuity Corp., who acted as the broker in connection with a portion of the Additional Financing, received a cash commission of $2,500 and 13,888 warrants exercisable at $0.18 per Zonetail Share (or if exercised after closing of the Merger, per Resulting Issuer Share), from the date of the Merger and for a period of 6 months.

Other than as disclosed elsewhere in this Filing Statement, there are no securities of Zonetail being issued in connection with the Qualifying Transaction.

Zonetail Shares

The holders of Zonetail Shares are entitled to one vote for each Zonetail Share held on all matters submitted to a vote of the shareholders. The holders of Zonetail Shares do not have any cumulative voting rights. Holders of Zonetail Shares are entitled to receive rateably any dividends declared by the board of directors out of funds legally available for that purpose. Zonetail Shares have no pre-emptive rights, conversion rights or other subscription rights or redemption or sinking fund provisions. In the event of Zonetail's liquidation, dissolution or winding up, holders of Zonetail Shares will be entitled to share rateably in all assets remaining after payment of all debts and other liabilities.

Zonetail Shares will be exchanged for a number of Resulting Issuer Shares on the basis of the Exchange Ratio upon completion of the Qualifying Transaction.

Zonetail Options

As of the date hereof, Zonetail had 1,044,000 outstanding Zonetail Options. 404,000 Zonetail Options are exercisable at $0.25 for 24 months from the date of the Merger and 740,000 Zonetail Options are exercisable at $0.15 until February 16, 2021. It is anticipated that in connection with the Merger, each Zonetail Option outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Options as such holder is entitled to receive in accordance with the Exchange Ratio with such Resulting Issuer Option having substantially the same terms as the applicable Zonetail Option.

Zonetail Warrants

As of November 5, 2018, Zonetail had outstanding 7,158,051 Zonetail Warrants:

Number and Class of Shares Issuable under Warrants	**Exercise Price per Warrant**	**Expiry Date**
339,000 common shares	$0.25	24 months following the Merger
600,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of November 29, 2019 or day preceding a Liquidity Event Date (1)
16,000 common shares	0.25	November 29, 2019
200,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of December 15, 2019 or day preceding a Liquidity Event Date (1)
200,000 common shares	0.18	12 months from Liquidity Event Date
100,000 common shares	0.25	12 months (December 15, 2018)
100,000 common shares	0.25	24 months (December 15, 2019)
51,200 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of January 12, 2020 or day preceding a Liquidity Event Date (1)
1,400,000 common shares	Either (a) 80% of the value of the common shares immediately preceding	Earlier of February 14, 2020 or day preceding a Liquidity Event

	a liquidity event, or (b) $0.35.	Date [(1)]
734,296 common shares	$0.18	24 months following the Escrow Release Date
400,000 common shares	0.25	12 months from Liquidity Event Date
1,000,000 common shares	0.25	12 months from Liquidity Event Date
112,000 common shares	0.25	12 months from Liquidity Event Date
100,000 common shares	0.25	March 1, 2020
1,805,555 common shares	0.18	August 20, 2019

It is anticipated that in connection with the Merger, each Zonetail Warrant outstanding immediately before the completion of the Merger (which for further clarity does not include those warrants which expire immediately prior to the Merger) shall entitle the holder thereof to receive that number of Resulting Issuer Share purchase warrants (each a "**Resulting Issuer Warrant**") as such holder is entitled to receive in accordance with the Exchange Ratio with such Resulting Issuer Warrant having substantially the same terms as the applicable Zonetail Warrants, and that such warrants will be exercisable to acquire Resulting Issuer Shares.

In addition to the above, Debt Conversion Warrants will be issuable to the Debtholders immediately prior to the Merger (see *"Description of the Securities of Zonetail – Debt Conversion Units"*).

Subscription Receipts

The following summary of the material attributes and characteristics of the Subscription Receipts is subject to, and qualified in its entirety by, the terms of the Subscription Receipt Agreement.

Pursuant to and in accordance with the Subscription Receipt Agreement (as hereinafter defined) and subject to the exceptions described therein, each Subscription Receipt shall be automatically exchanged, without any further action on the part of the holder of such Subscription Receipt, and for no additional consideration, for one (1) Zonetail Share immediately prior to the Qualifying Transaction and upon the satisfaction of the Escrow Release Conditions (as defined herein) on or prior to the Termination Date (as hereinafter defined (the "**Release Event**").

Unless the consent of holders of not less than 66 2/3% of the then outstanding Subscription Receipts is obtained pursuant to the terms of the Subscription Receipt Agreement, in the event that the Escrow Release Conditions are not satisfied by the Deadline, the then issued and outstanding Subscription Receipts shall be cancelled and terminated and the Escrowed Funds will be used to pay holders of the Subscription Receipts an amount equal to the issue price per Subscription Receipt held (plus pro rata interest earned thereon). To the extent that the Escrowed Funds are not sufficient to satisfy the aggregate issue price paid for the then issued and outstanding Subscription Receipts (plus pro rata interest earned thereon), Zonetail will contribute such amounts as are necessary to satisfy any shortfall. Subscription Receipts may be modified under the Subscription Receipt Agreement, pursuant to an extraordinary resolution approved: (A) by receiptholders at a meeting at which there are present in person or by proxy receiptholders holding in the aggregate more than 25% of the total number of Subscription Receipts then outstanding by an affirmative vote of receiptholders who hold in the aggregate not less than 66 2/3% of the total number of Subscription Receipts represented at the meeting and voted on the motion; or (B) by written consent of holders of Subscription Receipts representing at least 66 2/3% of the outstanding Subscription Receipts.

Holders of Subscription Receipts are not shareholders. Holders of Subscription Receipts will only receive Zonetail Shares upon the satisfaction of the Escrow Release Conditions or be paid the original subscription price (together with interest earned thereon) for each Subscription Receipt held. Nothing in the holding of a Subscription Receipt will confer or be construed as conferring upon the holder thereof any right or interest whatsoever as a shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of shareholders or any other proceedings of Zonetail, or the right to receive dividends or other distributions.

Debt Conversion Units

Zonetail has entered into debt conversion agreements with the Debtholders pursuant to which such Debtholders have agreed to convert Zonetail's indebtedness to them into units (the "**Debt Conversion Units**") immediately prior to the Merger (the "**Debt Conversion**"). Each Debt Conversion Unit has an assigned value of $0.18 and is comprised of one Zonetail Share and one warrant (a "**Debt Conversion Warrant**"). Each Debt Conversion Warrant shall entitle the holder thereof to purchase one additional Zonetail Common Share at $0.25 and shall expire 12 months following the completion of the Merger. Zonetail has agreed to issue 6,621,762 Debt Conversion Units pursuant to the Debtholders based on an assumed Merger date of November 5, 2018, however the number may change based on the date of the Merger (which will affect the amount of interest payable under the applicable debt agreements) and applicable foreign exchange rates (as certain of the debt agreements are denominated in U.S. dollars).

It is anticipated that in connection with the Merger, each Debt Conversion Warrant outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Warrants as such holder is entitled to receive in accordance with the Exchange Ratio with such Resulting Issuer Warrants having substantially the same terms as the applicable Debt Conversion Warrants, and that such warrants will be exercisable to acquire Resulting Issuer Shares.

Financing

On January 13, 2018, Zonetail completed the Financing for aggregate gross proceeds of $2,003,416.56.

On the closing date of the Financing, the Escrowed Proceeds were delivered to the Subscription Receipt Agent and are presently being held in escrow with the Subscription Receipt Agent pursuant to the terms of the Subscription Receipt Agreement and are invested in an interest bearing account until the satisfaction of the Escrow Release Conditions, as described below.

The Escrowed Proceeds together with all interest and other income earned thereon are referred to herein as the "**Escrowed Funds**".

The Escrowed Funds (including the Commission which will be released to the Agent), shall be released from escrow to Zonetail, or as Zonetail may otherwise direct, and immediately prior to the closing of the Qualifying Transaction each Subscription Receipt will automatically convert, without any further action on the part of the holder or payment of additional consideration, into one Zonetail Share, upon the occurrence of all of the following events (collectively, the "**Escrow Release Conditions**"):

(a) all conditions precedent to the completion of the Merger in order for it to constitute the Qualifying Transaction of Revelstoke under the policies of the Exchange shall have been satisfied or waived to the satisfaction of Zonetail and Revelstoke (other than the release of the Escrowed Funds and the balance of the Commission payable to the Agents and the closing of the Merger, each of which shall be completed forthwith upon release of the Escrowed Funds);

(b) all regulatory and shareholder approvals, if any, required in connection with the Merger in order for it to constitute the Qualifying Transaction of Revelstoke under the policies of the TSXV shall have been received (other than the final approval of the TSXV);

(c) the distribution of: (i) the Zonetail Shares underlying the Subscription Receipts, and (ii) the Resulting Issuer Shares to be issued in exchange for the Common Shares pursuant to the Merger, shall be exempt from applicable prospectus and registration requirements of applicable securities law;

(d) the TSXV shall have conditionally approved the listing of the Resulting Issuer Shares on the TSXV and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrowed Funds, shall have been fulfilled; and

(e) Zonetail shall not be in breach or default of any of its covenants or obligations under the Subscription Receipt Agreement.

Zonetail and the Agent, shall, upon the satisfaction or waiver of each of the Escrow Release Conditions, deliver the prescribed notice and direction under the Subscription Receipt Agreement (the "**Release Notice**") to the Subscription Receipt Agent.

The date on which the Release Event occurs is referred to as the "**Escrow Release Date**" which for greater certainty shall be prior to the Termination Date except as may be extended in accordance with the Subscription Receipts Agreement.

Pursuant to the Merger Agreement, the Zonetail Shares received by receiptholders upon the deeded exchange of Subscription Receipts will be exchanged for Resulting Issuer Shares.

Pursuant to the Financing, the Agents will receive the Commission, which shall be equal to 8% of the gross proceeds of the Financing, other than certain subscriptions in the amount of:

(i) $444,999.96, for which the Commission was reduced to 6%; and (ii) $250,000.08, in respect of which no Commission will be payable. 25% of the Commission was paid to the Agents at closing of the Financing and the remaining 75% shall be paid to the Agents by the Subscription Receipt Agent from the Escrowed Funds upon satisfaction of the Escrow Release Conditions. As additional compensation, the Agents were also granted the Agents' Compensation Warrants to acquire that number of Zonetail Shares equal to 8% of the total number of Subscription Receipts sold under the Financing, other than certain subscriptions in the amount of: (i) $444,999.96, for which the percentage of Agents' Compensation Warrants issued was reduced to 6%; and (ii) $250,000.08, in respect of which no Agents' Compensation Warrants were payable. Each Agents' Compensation Warrant will be exercisable at $0.18 per Zonetail Share (or if exercised after closing of the Merger, per Resulting Issuer Share), from the closing date of the Financing and for a period of 24 months from the Escrow Release Date. In consideration of the Agents' services in connection with the coordination and review of the Financing, Zonetail has issued to the Agents 222,602 Zonetail Shares which is equal to 2% of the aggregate number of Subscription Receipts issued pursuant to the Financing. In addition to the foregoing compensation, Zonetail (i) has also paid to the Agents a fee equal to $8,000 plus applicable tax; and (ii) has issued to the Agents the Agent Work Fee Warrants which entitle the Agents to acquire an additional 44,445 Zonetail Shares as a work fee. Each Agent Work Fee Warrant is exercisable on the same terms as the Agents' Compensation Warrants.

In addition to the Financing, Zonetail has received subscription agreements for an additional 833,356 Zonetail Shares for aggregate gross proceeds of $150,004 at $0.18 per Zonetail Share. Zonetail plans to close the Additional Financing immediately prior to the Merger. In connection with the Additional Financing, Canaccord Genuity Corp., who acted as the broker in connection with a portion of the Additional Financing, received a cash commission of $2,500 and 13,888 Additional Financing Agent's Compensation Warrants.

Consolidated Capitalization

The following table sets forth the capitalization of Zonetail as of the dates indicated:

Designation of Security	**Amount authorized ($) (#)**	**Amount outstanding as at June 30, 2018 ($) (#)**	**Amount outstanding as at October 31, 2018, prior to giving effect to the Debt Conversion and the Merger (2) ($) (#)**
Zonetail Shares	unlimited	$3,221,335 (38,116,374 shares)(4)	$3,632,153 (40,148,420 shares) (3)
Zonetail Warrants (1)	N/A	$463,934 (4,618,200 warrants)	$672,141 (7,158,051 warrants)
Zonetail Options (2)	N/A	$194,750 (1,044,000 options)	$194,750 (1,044,000 options)
Subscription Receipts	N/A	$nil	$1,665,336
Zonetail Shares pursuant to Additional Financing	N/A	$nil	$147,075

Notes:

(1) It is anticipated that in connection with the Merger, each Zonetail Warrant outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Warrants as such holder is entitled to receive in accordance with the Exchange Ratio with such Resulting Issuer Warrant having substantially the same terms as the applicable Zonetail Warrant.

(2) Consists of options to acquire up to an aggregate of 1,044,400 Zonetail Shares at a weighted average exercise price of $0.20 per share with the latest expiry date applicable to such options of February 16, 2021. It is anticipated that in connection with the Merger, each Zonetail Option outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Options as such holder is entitled to receive in accordance with the Exchange Ratio with such Resulting Issuer Option having substantially the same terms as the applicable Zonetail Option.

(3) Excludes Zonetail Shares issuable pursuant to the Subscription Receipts, as well as Zonetail Shares issued pursuant to the Debt Conversion.

Prior Sales

In addition to the Subscription Receipts sold pursuant to the Financing, the following tables set forth the number and price at which securities of Zonetail have been sold or issued by Zonetail within the 12-month period prior to the date of this Filing Statement:

Zonetail Shares

Date	Number of Type of Securities	Arm's Length / Non-Arm's Length	Average Issue Price per Security ($)	Aggregate Issue Price ($)
24-Nov-17	100,000 common shares	arms-length	0.25	25,000
24-Nov-17	100,000 common shares	arms-length	0.25	25,000
24-Nov-17	200,000 common shares	arms-length	0.25	50,000
24-Nov-17	200,000 common shares	arms-length	0.25	50,000
30-Nov-17	48,000 common shares	arms-length	0.25	12,000
04-Dec-17	100,000 common shares	arms-length	0.25	25,000
04-Dec-17	100,000 common shares	arms-length	0.25	25,000
15-Dec-17	200,000 common shares	arms-length	0.25	50,000
12-Jan-18 (1)	51,200 common shares	arms-length	0.25	12,800
14-Feb-18	1,400,000 common shares	arms-length	0.25	350,000
26-Feb-18 (2)	80,000 common shares	arms-length	N/A	N/A
31-May-18 (3)	100,000 common shares	arms-length	0.25	25,000
31-May-18 (3)	2,500 common shares	arms-length	0.25	625
1-Jul-18 (2)	120,000 common shares	arms-length	N/A	N/A
13-Jul-18 (4)	94,606 common shares	arms-length	0.18	17,029
13-Jul-18 (4)	33,390 common shares	arms-length	0.18	6,010
13-Jul-18 (4)	94,606 common shares	arms-length	0.18	17,029
20-Aug-18 (6)	144,444 common shares	arms-length	N/A	N/A
20-Aug-18	38,889 common shares	arms-length	0.18	7,000
3-Sep-18 (3)	500,000 common shares	non-arms-length	0.18	90,000
3-Sep-18 (3)	250,000 common shares	non-arms-length	0.18	45,000
3-Sep-18 (5)	753,611 common shares	non-arms-length	0.18	135,650

Notes:

(1) Zonetail Shares issued as payment for rent.

(2) Penalty shares issued in connection with default on debt instrument.

(3) Remuneration for services rendered.
(4) Issued as Commission to the Agents in connection with the Financing.
(5) 753,611 Zonetail Shares were issued to Mark Holmes in partial repayment of shareholder loans owing by Zonetail to Mark Holmes.
(6) Issued in lieu of interest on debt.
(6) In addition to the above Zonetail Shares, Zonetail anticipates issuing approximately 6,621,762 Zonetail Shares to the Debtholders immediately prior to the Merger in connection with the Debt Conversion.

Zonetail Warrants

Date	Number and Class of Shares Issuable under Warrants	Exercise Price per Warrant	Expiry Date
29-Nov-17	200,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
29-Nov-17	200,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
29-Nov-17	100,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
29-Nov-17	100,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
29-Nov-17	16,000 common shares	0.25	24 months
15-Dec-17	100,000 common shares	$0.18	12 months from Liquidity Event Date
15-Dec-17	100,000 common shares	$0.18	12 months from Liquidity Event Date
15-Dec-17	200,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
15-Dec-17	100,000 common shares	$0.25	12 months
15-Dec-17	100,000 common shares	$0.25	24 months

12-Jan-18	51,200 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
14-Feb-18	1,400,000 common shares	Either (a) 80% of the value of the common shares immediately preceding a liquidity event, or (b) $0.35.	Earlier of 24 months or day preceding a Liquidity Event Date (1)
01-Mar-18	100,000 common shares	$0.25	24 months
13-Jul-18	734,296 common shares	$0.18	24 months following the Escrow Release Date
20-Aug-18	1,805,555 common shares	$0.18	August 20, 2019

Notes:
(1) A Liquidity Event Date is defined to include, among other things, the date on which Zonetail completes a going public transaction effected by way of a reverse takeover transaction with an issuer listed on the Exchange, and would include the Merger.
(2) In addition to the above Zonetail Warrants, Zonetail anticipates issuing approximately 6,621,762 Debt Conversion Warrants to the Debtholders immediately prior to the Merger in connection with the Debt Conversion.

Executive Compensation

Compensation Discussion and Analysis

Zonetail's Board of Directors (the "**Board**") is responsible for determining the overall compensation strategy of Zonetail and administering the Zonetail's executive compensation program. The Board approves the appointment and remuneration of Zonetail's Executive Officers, including Zonetail's Named Executive Officers identified in the Summary Compensation Table below. The Board is also responsible for reviewing the Zonetail's compensation policies and guidelines generally.

Objectives of Compensation Program

It is the objective of the executive compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value, while at the same time keeping in mind that Zonetail currently has limited financial resources. It is the goal of the Board to endeavour to ensure that the compensation of Executive Officers is sufficiently competitive to achieve the objectives of the executive compensation program. The Board gives consideration to Zonetail's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements.

Role of Executive Officers in Compensation Decisions

The Board receives and reviews recommendations of the Chief Executive Officer and Founder relating to the general compensation structure and policies and programs for Zonetail and the salary and benefit levels for the Executive Officers.

Principal Components of Compensation Program

The executive compensation program is principally comprised of each Named Executive Officers base salary which is designed to provide cash compensation to effectively retain and motivate the Executive Officers to achieve the corporate goals and objectives. Other components of the executive compensation program include perquisites and other personal benefits. Each component of the executive compensation program is addressed separately below.

Stock Option Plan

Zonetail Inc. does not currently have a stock option plan.

Perquisites and Other Components

Other components of compensation may in the future include perquisites and personal benefits as determined by the Board that are consistent with the overall compensation strategy. There is no formula for how perquisites or personal benefits are utilized in the total compensation package.

Zonetail does not provide any pension or retirement benefits to its Executive Officers.

Summary Compensation Table

The following table sets forth the total compensation paid to Zonetail's Chief Executive Officer and Founder, Director of Business Development, Vice President of Sales, and Chief Financial Officer and Secretary for the years ended December 31, 2015, 2016 and 2017 (as applicable) (the "**Named Executive Officers**"). No other executive officer received total compensation of more than $150,000 since Zonetail's inception.

Name and Principal Position	Year	Salary	Share-based awards[1]	Option-based awards	Non-equity incentive plan compensation: Annual incentive plans	Non-equity incentive plan compensation: Long-term incentive plans	All other compensation[2]	Total compensation
Mark Holmes, Chief Executive Officer and Founder	2017 2016 2015	$105,000 $105,000 $150,000	Nil Nil Nil	Nil Nil $36,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$105,000 $105,000 $186,100
Monique Delorme, Chief Financial Officer [1]	2017 2016	Nil $78,750	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil $78,750
Ken Singh, Director of Business Development [2]	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Monique Delorme resigned from Zonetail ceased on September 18, 2017.
(2) Ken Singh was appointed Director of Business Development on November 30, 2017, but received no compensation.
(3) Daniel Crandall, the current Chief Financial Officer of Zonetail, was appointed Chief Financial Officer and Secretary on March 15, 2018.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for the Named Executive Officers, all option-based awards and share-based awards outstanding as at December 31, 2017:

	Option – based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or Units of shares that have not vested (#)	Market or payout value of share Based awards that have not vested ($)
Mark Holmes	180,000	0.15	February 16, 2021	$5,600	N/A	N/A
Daniel Crandall [1]	N/A	N/A	N/A	N/A	N/A	N/A
Ken Singh	-	-	-	-	-	-
Brian Davies	-	-	-	-	-	-

Notes:
(1) Daniel Crandall, the current Chief Financial Officer of Zonetail, was appointed Chief Financial Officer and Secretary on March 15, 2018.

Incentive Plan Awards – Value Vested or Earned During the Year

No option-based awards or share-based awards vested during the financial year ended December 31, 2017 and no non-equity incentive plan compensation was earned during the financial year ended December 31, 2017 for any Named Executive Officer.

Pension Plan Benefits

Zonetail has no retirement plans, pension plans, deferred compensation plans or other forms of funded or unfunded retirement compensation for its directors or employees.

Termination and Change of Control Benefits

Each of the Named Executive Officers has in place, he/she will have in place at the time of the Merger, an employment contract with Zonetail (collectively, the "**NEO Employment Agreements**"). In the event that a NEO is terminated for cause under the provisions of his/her NEO Employment Agreement, such NEO is permitted to severance pay (if any) pursuant to applicable *Employment Standards Act* (Ontario) ("**ESA**"), any other minimum statutory entitlements under the ESA as well as outstanding wages and vacation payments. Zonetail must also continue to make contributions to a group benefit plan (if any) where required to do so under the ESA.

In addition, other than the NEO Employment Agreement for Mark Holmes, if an NEO's employment is terminated, without cause, within 90 days of a change of control of Zonetail, the NEO will be entitled to three months' base salary together with any entitlements under the ESA. With respect to Mark Holmes, should he be terminated within six months of a change of control of Zonetail (for reasons other than fraud or negligence), or should Mark Holmes conclude, within six months of learning of a change of control, that he does not wish to be employed by Zonetail, he may give notice of his resignation whereby Zonetail must pay to him a single amount equal to twice his annual base salary then payable.

Compensation of Directors

Director Compensation Table

The following table shows the compensation paid to directors, who are not Named Executive Officers, for the financial year ended December 31, 2017.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Paul Scott	nil	nil	nil	nil	nil	nil	nil
William Rogers	nil	nil	nil	nil	nil	nil	nil
Adam Topp	nil	nil	nil	nil	nil	nil	nil

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for the directors who are not Named Executive Officers, all option-based awards and share-based awards outstanding as at December 31, 2017:

	Option – based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or Units of shares that have not vested (#)	Market or payout value of share Based awards that have not vested ($)
Paul Scott	180,000	$0.15	February 16, 2021	$5,400	-	-
William Rogers	-	-	-	-	-	-
Adam Topp	-	-	-	-	-	-

Incentive Plan Awards – Value Vested or Earned During the Year

No option-based awards or share-based awards vested during the financial year ended December 31, 2017 and no non-equity incentive plan compensation was earned during the financial year ended December 31, 2017 for any director who is not a Named Executive officer of Zonetail.

Securities Authorized for Issuance Under Equity Compensation Plans

As at December 31, 2017, equity securities were authorized for issuance as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in herein)
Equity compensation plans approved by security holders	-	-	-
Equity compensation plans not approved by security holders	-	-	-
Total	-	-	-

Management Contracts

Mr. Crandall, the Chief Compliance Officer of Zonetail, is a Senior Manager at Marrelli Support Services Inc. which is compensated in the amount of $1,500 per month for Mr. Crandall’s services as the Chief Financial Officer of the Corporation. Marrelli Support Services Inc. is located at 82 Richmond St E #201, Toronto, ON M5C 1P1.

Non-Arm's Length Party Transactions

Except as otherwise disclosed herein, and in addition to the executive officer compensation arrangements discussed above under *"Executive Compensation"*, the following are descriptions of transactions where Zonetail has obtained assets or services from directors, officers, promotors, principal securityholders of Zonetail or any associate or affiliate thereof, since the incorporation of Zonetail.

During the years 2013, 2014 and the first half of 2015, Reason Partners Inc. ("**Reason Partners**") provided office space to Zonetail. Rents paid by Zonetail to Reason Partners were $5,841 in 2015, $11,681 in 2014 and $4,500 in 2013. Reason Partners Inc. is a corporation owned by Peter Holmes, a director of Zonetail during those periods.

As of June 30, 2018, Mark Holmes had advanced an aggregate of $181,650 to Zonetail as an unsecured, non-interest bearing shareholder loan. It is anticipated that Mark Holmes will receive approximately $46,000 in cash and 753,611 Zonetail Shares from Zonetail in repayment of the loans.

William Rogers, a director of Zonetail, is the President and Chief Executive Officer of Asian American Hotel Owners Association ("**AAHOA**"). Zonetail and AAHOA entered into Founding Silver Medallion Member Agreements on October 30, 2015 and on December 4, 2017 whereby Zonetail has agreed to provide certain products and services to AAHOA members, including the Zonetail app, and to pay AAHOA a portion of the revenue obtained from Zonetail in providing such services. William Rogers has declared his interest in Zonetail's dealings with AAHOA and abstained from voting in connection with such matters.

Legal Proceedings

Zonetail is neither a party to, nor is any of its property the subject matter of, any legal proceedings, nor are any such proceedings known to Zonetail to be contemplated by any party which are material to its business.

Material Contracts

The following is a description of the material contracts entered into by Zonetail within the two years preceding the date on this Filing Statement, other than in the ordinary course of business copies of which, in accordance with TSXV policies, may be inspected at no charge until the closing of the Merger and for a period of 30 days thereafter at the principal offices of Zonetail located at 20 Dalhousie Street, Toronto, Ontario M5B 2A5.

Agency Agreement

Zonetail entered into an agency agreement with Revelstoke and the Agents dated July 13, 2018 pursuant to which the Agents agreed to sell, on a "best efforts" private placement agency basis, the Subscription Receipts of Zonetail for total gross proceeds of $2,003,416.56. Pursuant to the Agency Agreement, the Agents' Commission, less the amount payable to the Agents on closing of the Financing, was placed in escrow as part of the Escrowed Proceeds. For further details see *"Summary of the Filing Statement – The Financing"*.

Merger Agreement

Zonetail entered into the Merger Agreement with Revelstoke and SubCo dated November 5, 2018 pursuant to which Subco and Zonetail will amalgamate and shall continue as one corporation to be named Zonetail Inc. For further details see "*The Merger – The Merger Agreement*".

Letter of Intent

Zonetail entered into the Letter of Intent with Revelstoke on January 29, 2018 with respect to the Merger. For further details see *"Part I – Information Concerning the Issuer – General Development of the Business"*.

Founding Silver Medallion Member Agreement

Zonetail and AAHOA entered into Founding Silver Medallion Member Agreements on December 4, 2017 whereby Zonetail has agreed to provide certain products and services to AAHOA members, including the Zonetail app, and to pay AAHOA a portion of the revenue obtained from Zonetail in providing such services.

Shiftsuite Contact

Zonetail and Shiftsuite entered into a strategic alliance agreement on June 18, 2015 pursuant to which Zonetail agreed to develop, market and deploy the Zonetail app and provide certain other services for property managers referred to Zonetail by Shiftsuite.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

Name and Incorporation

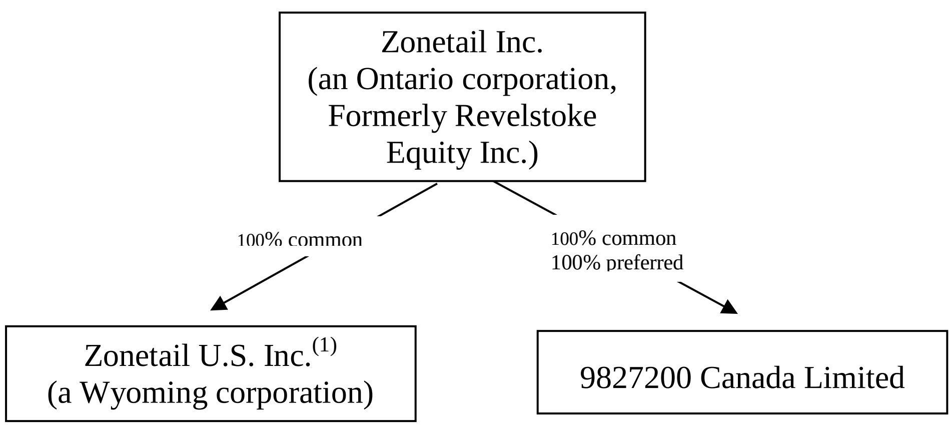
The name of the Resulting Issuer is expected to be changed from "Revelstoke Equity Inc." to "Zonetail Inc." and the Resulting Issuer will continue to be governed by the OBCA.

The head office of the Resulting Issuer will be 20 Dalhousie Street, Toronto, Ontario, M5B 2A5.

Intercorporate Relationships

Upon the filing of the Articles of Amalgamation, the Revelstoke will own, directly or indirectly, all of the issued and outstanding shares of Amalco (being the corporation formed from the amalgamation of SubCo and Zonetail). Immediately thereafter, the Revelstoke and Amalco will file the Subsequent Articles of Amalgamation and the Resulting Issuer shall be renamed "Zonetail Inc." As a result of the Merger, the shareholders of Zonetail will become shareholders of the Resulting Issuer.

The following organizational chart shows the intended corporate structure of the Resulting Issuer after the Merger:



Narrative Description of the Business

Stated Business Objectives

The Resulting Issuer intends to utilize the funds after completion of the Merger to achieve the following:

1. Implement and commercialize the existing condo strategic alliance properties and thereafter continue market expansion,

2. Continue to optimize the mobile app end user audience expansion and engagement,

3. Develop and expand the advertiser penetration by market and by type i.e. local, regional and national advertisers, for both hotels and condos.

4. Begin the product horizontal and vertical diversification. This can horizontally lead to increased sales by solving more customer problems, eliminating the number of hotel CMS and reducing hotel pain points. This can vertically lead to better guest experience through interconnectivity with hotel Property Management Systems (PMS),

5. Through tech development, begin the capture of data, analytics relevant for Zonetail's customers and develop monetization strategies,

6. Establish market penetration internationally, primarily targeting Europe and Asia.

7. Development and implementation of the booking engine to drive reservations and commission based revenue per reservation.

Milestones

The Resulting Issuer contemplates the following significant milestones and the related costs:

Milestone Event	Description	Anticipated Cost ($)	Target Date
Sales and Marketing	Continue hotel and condo acquisition.	$35,000	Q3 2018 Q4 2019
Sales and Marketing	Drive advertising sales.	$100,000- $150,000	Q3 2018 Q4 2019
Research and Development	Continue to expand and develop the Zonetail hotel platform to improve and expand functionality. Continue to expand and develop the Zonetail condo platform to improve and expand functionality.	$210,000- $230,000 $30,000- $50,000	Q3 2018 Q4 2019

Description of Securities

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares. Resulting Issuer Shares will be issued to holders of Zonetail Shares pursuant to the Merger.

Immediately prior to giving effect to the Merger, Revelstoke will have 3,789,300 Revelstoke Shares issued and outstanding. Upon the completion of the Debt Conversion, the Merger, the Financing and the Additional Financing, it is anticipated that the Resulting Issuer will have approximately 62,522,930 Resulting Issuer Shares issued and outstanding.

The following is a summary of the material attributes and characteristics of the Resulting Issuer Shares. The following summary does not purport to be complete and reference is made to the Subsequent Articles of Amalgamation of the Resulting Issuer for a complete description of these securities and the full text of their provisions.

Resulting Issuer Shares

The holders of Resulting Issuer Shares, including those issued pursuant to the Merger, will be entitled to receive notice of and to attend all meetings of the shareholders of the Resulting Issuer and to one vote per share at meetings of the shareholders of the Resulting Issuer. Except as otherwise set out below or as required by law, holders of Resulting Issuer Shares and Resulting Issuer Shares will vote as one class at all meetings of shareholders of the Resulting Issuer. The holders of Resulting Issuer Shares will also be entitled to receive dividends as and when declared by the board of directors of the Resulting Issuer on the Resulting Issuer Shares as a class. The holders of the Resulting Issuer Shares shall be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Resulting Issuer's shareholders for the purpose of winding up its affairs, (collectively, a "**Liquidation Event**") to share rateably in such assets of the Resulting Issuer as are available for distribution. All Resulting Issuer Shares outstanding after completion of the Merger will be fully paid and non-assessable and not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share capital of the Resulting Issuer as at June 30, 2018 on a consolidated basis, based on the pro forma consolidated financial statements contained in this Filing Statement after giving effect to the Debt Conversion, the Merger, the Financing and the Additional Financing. This table should be read in conjunction with the pro forma consolidated financial statements and notes thereto included in this Filing Statement.

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Debt Conversion, the Merger, the Financing and the Additional Financing, as of June 30, 2018(2)
Common Shares	Unlimited	62,522,930 (1)

Notes:

(1) On an undiluted basis. Does not include the Resulting Issuer Shares to be reserved for issuance under the Resulting Issuer Option Plan, the Resulting Issuer Shares reserved for issuance upon exercise of the Revelstoke Options, the Resulting Issuer Shares reserved for issuance upon exercise of the Agents'

Resulting Issuer Compensation Warrants, the Resulting Issuer Shares reserved for issuance upon exercise of the outstanding Resulting Issuer Options and the Resulting Issuer Shares reserved for issuance upon exercise of the Resulting Issuer Warrants.

(2) The accumulated deficit of the Resulting Issuer as set out in the pro-forma consolidated financial statements as at June 30, 2018 was $(6,269,204).

The following tables outline the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Qualifying Transaction:

Description of Issue	Number of Resulting Issuer Shares	Percentage of Total of Resulting Issuer Shares(2)
Held by former Revelstoke shareholders	3,789,300	6.1%
Issued to purchasers of the Subscription Receipts	11,130,092	17.8%
Issued to purchasers of the Additional Financing	833,356	1.3%
Issued to former Zonetail shareholders pursuant to the Merger Agreement (1)	46,770,182	74.8%
Total Non-diluted Resulting Issuer Share Capital	**62,522,930**	

Notes:

(1) Includes Resulting Issuer Shares received by Debtholders in exchange for their Zonetail Shares received as part of the Debt Conversion.

(2) Based on a pro forma estimate of 62,522,930 Resulting Issuer Shares on a fully diluted basis.

The following tables outline the expected number of securities of the Resulting Issuer to be reserved for issuance after giving effect to the Debt Conversion, the Financing, the Additional Financing and the Qualifying Transaction:

Resulting Issuer Shares Reserved for Issuance

Description	Number of Resulting Issuer Shares
Issuable on exercise of the Resulting Issuer Options received by the holders of Zonetail Options	1,044,000
Issuable on exercise of the Resulting Issuer Warrants received by the holders of Zonetail Warrants	7,171,939
Issuable on exercise of the Resulting Issuer Warrants received by the holders of the Debt Conversion Warrants	6,621,762
Issuable on exercise of the Revelstoke Options	428,930
Reserved for issuance under the Resulting Issuer Option Plan	4,779,362
Total	**20,045,993**

Upon completion of the Merger, it is expected that the share capital of the Resulting Issuer on a fully-diluted basis will be comprised of an aggregate of 77,789,561 Resulting Issuer Shares.

Securities Law Matters

The Resulting Issuer Shares to be issued to holders of Zonetail Shares upon the Merger will be issued in reliance on the exemptions found in section 2.11 of National Instrument 45-106 – *Prospectus Exemptions* from prospectus requirements of applicable Canadian securities laws.

Pursuant to National Instrument 45-102 – *Resale of Securities*, the Resulting Issuer Shares will be freely tradeable provided, among other things, the Resulting Issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade. Revelstoke became a reporting issuer on June 10, 2015 and, accordingly, it will have been a reporting issuer for four months preceding the trades.

Available Funds and Principal Purposes Funds Available

The total funds available to the Resulting Issuer after giving effect to the Merger, the Financing and the Additional Financing is estimated to be approximately $2,229,789 which includes the following:

(a) the net proceeds from the Financing of $1,679,378, less the Commission and certain expenses of the Agents in connection with the Financing;

(b) the net proceeds from the Additional Financing of $147,504;

(c) the net cash and cash equivalents of Revelstoke of $388,682 as at June 30, 2018; and

(d) the net cash equivalents of Zonetail of $36,225 as at June 30, 2018, less $1,000 of advances repaid; and

(e) the net proceeds of $325,000, less $277,000 spent to September 30, 2018, received from the subsequent bridge financing.

The Resulting Issuer estimates a consolidated working capital of $1,440,842 as at September 30, 2018 after giving effect to the Merger and Financing.

Principal Purposes of Funds

The funds available to the Resulting Issuer are expected to be used, principally, as follows:

Principal Use of Funds(1)(2)	**Amount ($)**
Technical Development	240,000
Marketing	35,000
Investor Relations and Other Services	200,000
Professional Fees	39,000
Executive Compensation	378,000
General and administrative	387,100
Advances Repayment(3)	46,000
Unallocated Funds	392,742
TOTAL	1,440,842

Notes:

(1) The principal use of funds has been prepared based upon anticipated needs of the Resulting Issuer over a 12 month period.

(2) See *"Part III – Information Concerning The Resulting Issuer – Narrative Description of the Business – Milestones"*.

(3) These are costs in connection with the services agreements entered into with Belgravia Capital International Inc. and Transcend Capital Inc. See *"Part III – Information Concerning The Resulting Issuer – Investor Relations Arrangements"*.

The Resulting Issuer intends to spend the funds available to it as stated above. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. See *"Risk Factors"*.

Dividends

There are no restrictions in the terms of the Resulting Issuer Shares that could prevent the Resulting Issuer from paying dividends. The holders of each class of Resulting Issuer Shares are entitled to participate in all dividends declared by the board of directors of the Resulting Issuer. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid based upon the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares shall be entitled to an equal share in any dividends declared and paid. The Resulting Issuer currently does not intend to pay any dividends on its Resulting Issuer Shares in the foreseeable future, and no decision has been made to change this intended dividend policy.

Principal Securityholders

To the knowledge of Revelstoke or Zonetail, upon completion of the Merger and the exchange of the Subscription Receipts issued pursuant to the Financing, the issuance of Zonetail Shares pursuant to the Additional Financing, no Person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Resulting Issuer Shares.

Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

Conditional on the completion of the Merger, Craig Leon, Tim Leon and Anton Konovalov will resign as directors of Revelstoke effective upon the Merger and Craig Leon will resign from his position as an officer of Revelstoke.

The following are the names and municipalities of residence of each proposed director and officer of the Resulting Issuer, the positions and offices to be held with the Resulting Issuer, each of their respective principal occupations within the five preceding years and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is to be exercised by each of them on completion of the Merger. Each director will hold office until the next annual meeting of the Resulting Issuer unless his or her office is earlier vacated in accordance with the OBCA.

Name and city of residence of each Proposed Director and Officer(1)	Position to be Held with the Resulting Issuer	Director of Zonetail since	Resulting Issuer Shares, Directly or Indirectly, Beneficially Owned(1)
Mark Holmes Toronto, Ontario	Director, President and Chief Executive Officer	2013	5,938,223(2)
Paul Scott South Pasadena, California	Director, Chairman	2013	2,899,821
William Morris Rogers Atlanta, Georgia	Director	2017	nil
Adam Topp Winnipeg, Manitoba	Director	2017	98,970
Reetu Gupta, Toronto, Ontario	Director	N/A	Nil (3)
David Oliver Toronto, Ontario	Director	N/A	286,200
Ken Singh, Toronto, Ontario	Vice President of Business Development	N/A	250,000
Brian Davies, Toronto, Ontario	Vice President of Sales	N/A	nil
Daniel Crandall, Toronto, Ontario	Chief Financial Officer and Secretary	N/A	nil

Notes:

(1) The information as to the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of Revelstoke or Zonetail, has been furnished by the respective individuals.

(2) Includes the Resulting Issuer Shares Mark Holmes received as repayment for Zonetail's shareholder loans and as a result of his employment agreement.

(3) Rogue Insight Capital Inc., of which Reetu Gupta is a principal, will hold 2,000,000 Resulting Issuer Shares on account of the Subscription Receipts acquired by Rogue Insight Capital Inc. pursuant to the Financing.

The term of office of the directors expires annually at the time of the Resulting Issuer's annual meeting or when or until their successors are duly appointed or elected. Upon completion of the Merger, 4 out of 6 of the directors of the Resulting Issuer will be considered independent of the Resulting Issuer within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Procedures*. The directors who will be considered independent are William Rogers, Adam Topp, Reetu Gupta, and David Oliver. Mark Holmes will not be independent of the Resulting Issuer as he will be a member of management of the Resulting Issuer and Paul Scott will not be considered independent of the Resulting Issuer as he has within the last three years been an employee of Zonetail.

Shareholdings of Directors and Executive Officers

After giving effect to the Merger, the proposed directors and officers of the Resulting Issuer, as a group, are expected to own or control 9,473,214 Resulting Issuer Shares, representing approximately 15.2% of the issued and outstanding Resulting Issuer Shares and assuming no options or warrants are exercised.

Biographies of Directors and Executive Officers

The following is a brief description of each of the executive officers and directors for the Resulting Issuer (including details with regard to their principal occupations for the last five years). The officers of the Resulting Issuer will devote their full time and attention to the business of the Resulting Issuer. None of the officers will be independent contractors of the Resulting Issuer.

Mark Holmes – Mark, 48, is Zonetail's President and Chief Executive Officer. Having owned and managed Kingsway Agencies, a leading company in hospitality content and marketing services, Mark brings fifteen years of category learning and leadership to Zonetail. Mark's experience and network, in both the hotel and retail/restaurant industries, along with Kingsway's 55 year old legacy, are an integral component in the success of Zonetail. Mark attended McMaster University. In the Resulting Issuer, Mark will be the President and Chief Executive Officer. Mark will enter into an agreement with the Resulting Issuer shortly after the Qualifying Transaction. Following the Qualifying Transaction, Mark will be working on a fulltime basis for the Resulting Issuer.

Paul Scott – Paul Scott, 51, Director and Chair. Paul has a JD from Rutgers Law School, Newark. Paul is and has been the President of Scott Analytics since 2008 and he is the former Director of Clients at the UCLA Olympic Analytical Laboratory. Prior to joining the UCLA laboratory, he was a patent attorney at the New York offices of Sidley, Austin, Brown and Wood.

William "Chip" Morris Rogers – Chip, 50, will serve on the Board of Directors for the Resulting Issuer. Chip graduated from the Georgia Institute of Technology with a certificate in Economics in 1991 and completed his MBA at Georgia State University's J. Mack Robinson College of Business. In March 2015, Chip was named president of the Asian American Hotel Owners Association (AAHOA). Chip is a former American politician from the state of Georgia. He was first elected in 2002 to the Georgia General Assembly to the Georgia House of Representatives and was chosen as the Senate Majority Leader in 2008 and again in 2010. Chip served on a number of committees in the Georgia state senate including: banking and financial institutions, economic development, and finance. Chip will enter into a Confidentiality, Non-Solicitation and Non-Competition with the Resulting Issuer shortly after the Qualifying Transaction.

Adam Topp – Adam, 52, will serve on the Board of Directors for the Resulting Issuer. Adam has worked in the health care sector for more than twenty-five years developing a unique background that combines financial, clinical and operational leadership as well as consulting. Adam is currently Partner and CEO of Benchmark Intelligence Group Inc. (BIG Healthcare). Prior to forming BIG Healthcare, Adam was a Senior Associate Consultant with HayGroup Health Care Consulting. Adam also worked with Hay Group between his appointments at the Winnipeg Regional Health Authority and Sunnybrook & Women's College Health Sciences Centre. In Winnipeg, Mr. Topp was Chief Operating Officer simultaneously for both Winnipeg Health Sciences Centre and Grace General Hospital. At Sunnybrook for 10 years, Adam was Vice President Clinical Operations, and prior to that, Vice President Corporate Performance & Chief Financial Officer. Adam will enter into a Confidentiality, Non-Solicitation and Non-Competition with the Resulting Issuer shortly after the Qualifying Transaction.

Reetu Gupta – Reetu, 35, will serve on the Board of Directors for the Resulting Issuer. Reetu graduated with an MBA from the Schulich School of Business. Since 2015 she has served as the Chief Operating Officer of the Easton Group of Hotels. Prior to that, she was Executive Director of the Easton Group of Hotels. Reetu is also the Co-Founder and Chief Strategy Officer of Rogue Insight Capital Ltd. Reetu will enter into a Confidentiality, Non-Solicitation and Non-Competition with the Resulting Issuer shortly after the Qualifying Transaction.

Ken Singh – Ken, 52, is a Vice President Business Development of Zonetail. Previously, Ken most recently held the position of VP Mobility at SAP Canada managing the mobile technologies portfolio and leading the sales team to drive adoption of these cutting edge solutions at SAP Canada's more than 1200 customers. Prior to SAP, Ken was Director of Sales Canada at SYBASE Canada, an enterprise software and services company offering software to manage, analyze, and mobilize information, using database technologies, analytics, data warehousing solutions and mobile applications development platforms. During his 5 years at Sybase, Ken successfully led the nationwide sales team to double digit growth year over year culminating in an increase of over 100% in sales revenue. With more than 17 years of Information Technology experience, Ken has held key sales and sales leadership roles with various large international companies including BMC Software, I2 Technologies, Bell Micro Products and Tech Data round out his past experience. Ken's role in the Resulting Issuer will be to manage business development, strategic partnerships and day to day operations in all markets across all platforms. Ken will enter into Confidentiality, Non-Solicitation and Non-Competition agreement with the Resulting Issuer shortly after the Qualifying Transaction. Following the Qualifying Transaction, Ken will be working on a fulltime basis for the Resulting Issuer.

Brian Davies – Brian, 49, Vice President of Sales, has previously had a 20 years sales career with IBM Canada which began when he joined their sales team in 1999 with a focus on small and medium sized businesses. Brian moved into management in 2004, and successfully managed several teams for IBM software group. Brian's role in the Resulting Issuer will be to advance sales. Brian will enter into Confidentiality, Non-Solicitation and Non-Competition agreement with the Resulting Issuer shortly after the Qualifying Transaction. Following the Qualifying Transaction, Brian will be working on a fulltime basis for the Resulting Issuer.

Daniel Crandall – Dan Crandall, 35, is a Senior Manager at MSSI possessing 10 years of experience. He specializes in providing Chief Financial Officer, accounting, regulatory compliance, and management advisory services to numerous issuers on the TSX, TSX-Venture and other Canadian and US exchanges. Dan is a CPA, CA and has an Honours Bachelor of

Accounting (Co-op) degree from Brock University. Previously, he was a Manager at Collins Barrow Toronto LLP, a public accounting firm where he worked for over five years. Daniel Crandall works on a part-time basis with Zonetail and dedicates approximately 10% of his time to being its Chief Financial Officer. Daniel will continue to act as Chief Financial Officer for the Resulting Issuer. Daniel will enter into Confidentiality, Non-Solicitation and Non-Competition agreement with the Resulting Issuer shortly after the Qualifying Transaction. Following the Qualifying Transaction, Daniel will be working on a part-time basis for the Resulting Issuer.

David Oliver – David, 70, will serve on the Board of Directors for the Resulting Issuer. David has been involved in financing, operations and development within the hospitality industry for over 35 years. David has held board positions on several hospitality and technology listed companies. He currently sits on the board for InTouch Insight, Ltd. David also sits on the advisory board of Routier, and is the President of Strategic Hospitality Services Inc. David will enter into a Confidentiality, Non-Solicitation and Non-Competition with the Resulting Issuer shortly after the Qualifying Transaction.

Committees of the Board of Directors

The board of directors of the Resulting Issuer is expected to have an Audit Committee.

Audit Committee

The Audit Committee is expected to be comprised of Paul Scott, Adam Topp and David Oliver. At least two of the members of the Audit Committee will be independent.

The Audit Committee will oversee the accounting and financial reporting practices and procedures of the Resulting Issuer, and the audits of the Resulting Issuer's financial statements. The principal responsibilities of the Audit Committee include: (i) overseeing the quality and integrity of the internal controls and accounting procedures of the Resulting Issuer, including reviewing the Resulting Issuer's procedures for internal control with the Resulting Issuer's auditor and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Resulting Issuer's annual and quarterly financial statements and related management discussion and analysis, as well as all other material continuous disclosure documents, such as the Resulting Issuer's annual information form (if applicable); (iii) monitoring compliance with legal and regulatory requirements related to financial reporting; (iv) reviewing and approving the engagement of the auditor of the Resulting Issuer and independent audit fees; (v) reviewing the qualifications, performance and independence of the auditor of the Resulting Issuer, considering the auditor's recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided to the Resulting Issuer; (vi) assessing the Resulting Issuer's financial and accounting personnel; (viii) reviewing the Resulting Issuer's risk management procedures; (ix) reviewing any significant transactions outside the Resulting Issuer's ordinary course of business and any pending litigation involving the Resulting Issuer; and (x) examining improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting.

Cease Trade Orders or Bankruptcies

As at the date of this Filing Statement, no proposed director, officer or Promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or has been, within 10 years before the date of this Filing Statement a director, officer or Promoter of any other person or company that, while that Person was acting in that capacity:

(a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the Person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under applicable securities laws that was in effect for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

As at the date of this Filing Statement, no proposed director, officer or Promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such persons.

Penalties or Sanctions

As at the date of this Filing Statement, no proposed director, officer or Promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable securityholder making a decision about the Merger.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies engaged in the same line of business as the Resulting Issuer from time to time. Accordingly, certain directors and officers of the Resulting Issuer may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's-length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the OBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those Persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval. William Rogers may have a conflict of interest with respect to the Resulting Issuer's dealings with AAHOA. For additional information, see *"Part II – Information Concerning Zonetail – Non-Arm's Length Party Transactions"*.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Reporting Issuer Name	Name of Trading Market	Position	Term
David Oliver	Insight Intouch Ltd.	TSXV	Director	2017 to present
	GuestLogix Inc.	TSX		2010 to 2013
	360 Vox Corp. (formerly Leisure Canada Corp.)	TSXV		2011 to 2014
Daniel Crandall	Loma Vista Capital Inc.	CSE	Chief Financial Officer	2012 to 2015
	Mukuba Resources Limited	TSX-V		2012 to 2013
	BWR Exploration Inc.	TSX-V		2012 to present
	West Red Lake Gold Mines Inc.	CSE		2013 to 2015
	Pan American Goldfields Ltd.	OTCQX		2013 to 2014
	Royal Standard Minerals Inc.	OTCQB		2014 to present
	Chilean Metals Inc.	TSX-V		2014 to present
	GoldMoney Inc.	TSX-V		2014 to 2015
	First Bauxite Corporation	TSX-V		2015
	COIN HODL INC.	TSX-V		2015 to present
	Rockcliff Metals Corporation	TSX-V		2015 to present
	Mukuba Resources Limited	NEX		2015 to 2018
	Imex Systems Inc.	TSX-V		2015 to 2017
	Castle Resources Inc.	CSE		2016 to present (1)
	Giyani Metals Corp.	TSX-V		2016 to present

Name	Reporting Issuer Name	Name of Trading Market	Position	Term
	Mukuba Resources Limited	NEX	Chief Executive Officer	2015 to 2018
	West Red Lake Gold Mines Inc.	CSE	Director	2015 to present
	Mukuba Resources Limited	NEX		2015 to 2018
	BE Resources Inc.	TSX-V		2015 to 2018

(1) Castle Resources Inc. went private in 2018.

Executive Compensation

It is intended that compensation arrangements with the officers and directors of Zonetail will be continued as the compensation arrangements with the Resulting Issuer. For information on the compensation of Zonetail's officers and directors (who will be the directors and officers of the Resulting Issuer), see *"Part II – Information Concerning Zonetail – Executive Compensation"*.

Summary Compensation Table

The following table sets forth details of the anticipated compensation, as known, for each of the Resulting Issuer's Named Executive Officers for the 12 month period after giving effect to the Qualifying Transaction.

					Non-equity incentive plan compensation			
Name and Principal Position	Year	Salary	Share-based awards	Option-based awards	Annual incentive plans	Long-term incentive plans	All other compensation	Total compensation
Mark Holmes, President & Chief Executive Officer	2018	$120,000	$90,000	-	-	-	-	$210,000
Daniel Crandall, Chief Financial Officer and Secretary	2018	$18,000	-	-	-	-	-	$18,000
Ken Singh, Vice President of Business Development	2018	$120,000	$45,000	-	-	-	-	$165,000
Brian Davies, Vice President of Sales	2018	$120,000	-	-	-	-	-	$120,000

The abovementioned information contained in the Summary Compensation Table is based on industry standards or amounts paid to each of the Named Executive Officers from December 31, 2017 to the date of this Filing Statement.

Incentive Plan Awards

Share-Based Awards

The Resulting Issuer intends to grant certain share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Option-Based Awards

The Resulting Issuer anticipates granting option-based awards, being awards under an equity incentive plan of options, including, for greater certainty, by granting stock options to its directors, officers and employees. No options have been granted under the Stock Option Plan as of the date of this Filing Statement but such stock options are expected to be granted under the Stock Option Plan after the Merger. See "*Part III - Information Concerning the Resulting Issuer - Stock Option Plan*".

Pension Plan Benefits

During the 12 month period after giving effect to the Proposed Transactions, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

Termination and Change of Control Benefits

It is expected that each of the Named Executive Officers will enter into employment agreements with the Resulting Issuer similar to their existing employment agreements with Zonetail. See "*Part II – Information Concerning Zonetail – Termination and Change of Control Benefits*".

Compensation of Directors

Following the Completion of the Qualifying Transaction, the President and Chief Executive Officer will determine the compensation of directors. It is anticipated that non-management directors will also be reimbursed for transportation and other out-of-pocket expenses incurred for attendance at board of directors meetings and in connection with discharging their director functions.

Indebtedness of Directors and Officers

No individual who is, or at any time since the beginning of the most recently completed financial year of Revelstoke or Zonetail, was, a director or officer of Revelstoke or Zonetail, no proposed director or officer of the Resulting Issuer, and no associate of any such director, officer or proposed nominee, is indebted to Revelstoke or Zonetail or any of its subsidiaries (other than for "routine indebtedness" as defined by applicable securities legislation) or has any indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Revelstoke, Zonetail or any of its subsidiaries.

Investor Relations Arrangements

Zonetail entered into a services agreement dated March 1, 2018 with Belgravia pursuant to which Belgravia agreed to provide Zonetail with certain services for a fee of $75,000 (the "**March Services Agreement**"). On June 19, 2018, Zonetail and Belgravia entered into a services agreement, which was amended by an amending agreement dated September 12, 2018 (the "**Services Agreement**") which superseded the March Services Agreement. Pursuant to the Services Agreement, Belgravia has agreed to provide to Zonetail with certain services, including investor relations services. In exchange for such services, Zonetail is required to pay $275,000 in fees to Belgravia, which must be paid by the Resulting Issuer by June 19, 2019. $75,000 of the fees owed to Belgravia have already been paid by Zonetail. Belgravia has provided similar such services for other publicly listed companies. The term of the Services Agreement is one year, expiring on June 19, 2019. The Resulting Issuer will have the right to terminate the Services Agreement on thirty days written notice. Belgravia currently holds 1,544,444 Zonetail Shares and an additional 3,305,555 Zonetail Warrants as well as 1,666,666 Subscription Receipts. 1,400,000 Zonetail Warrants were issued to Belgravia on February 14, 2018. An additional 100,000 Zonetail Warrants were issued to Belgravia on March 1, 2018 as consideration for services rendered under a management services agreement dated March 1, 2018. Belgravia also received 1,805,555 Zonetail Warrants on August 20, 2018 as consideration for the provision of the bridge loan provided by Belgravia to Zonetail in the amount of $325,000.

Zonetail has also entered into a management services agreement dated June 19, 2018 (the "**Management Services Agreement**") with Transcend Capital Inc. ("**Transcend**") of Toronto, Ontario, pursuant to which Transcend has agreed to provide to Zonetail with certain services, including investor relations services. In exchange for such services, Zonetail is required to pay $150,000 in fees to Transcend, which is payable on completion of the Qualifying Transaction. Transcend has provided similar such services for other publicly listed companies. The term of the Management Services Agreement is one year, expiring on June 19, 2019. The Resulting Issuer will have the right to terminate the Management Services Agreement on thirty days written notice.

Options to Purchase Securities

Other than as set out in the table below, as at the date of this Filing Statement, there are no stock options to purchase securities of the Resulting Issuer that will be held upon completion of the Merger, the Financing and the Additional Financing by:

- proposed officers of the Resulting Issuer as a group and proposed directors of the Resulting Issuer who are not also officers as a group;
- officers of all subsidiaries of the Resulting Issuer as a group and directors of those subsidiaries who are not also officers of the subsidiary as a group;
- other employees of the Resulting Issuer as a group;
- consultants of the Resulting Issuer as a group; and

- any other Person, including any agent or underwriter.

Category[(1)-(6)]	Option Holder	Number of Resulting Issuer Shares reserved under Option	Exercise Price per Resulting Issuer Share	Expiry Date[(7)]
All proposed officers of the Resulting Issuer	Mark Holmes [(3)]	180,000	$0.15	February 16, 2021
	Ken Singh [(3)]	-	-	-
	Brian Davies [(3)]	-	-	-
	Daniel Crandall [(3)]	-	-	-
All proposed directors of the Resulting Issuer who are not also officers	William Morris Rogers	-	-	-
	Paul Scott [(3)]	180,000	$0.15	February 16, 2021
	Reetu Gupta	-	-	-
	David Oliver	-	-	-
All proposed officers of all subsidiaries of the Resulting Issuer	-	-	-	-
All other employees of the Resulting Issuer	-	-	-	-
All previous employees of the Resulting Issuer	-	-	-	-
All consultants of the Resulting Issuer	-	-	-	-
Any other Person	Dane Walton [(9)]	204,000	$0.25	24 months from closing of Qualifying Transaction
	Shane Ogilvie	100,000	$0.25	24 months from closing of Qualifying Transaction
	Shari Walczak	100,000	$0.25	24 months from closing of Qualifying Transaction
	Monique Delorme	180,000	$0.15	February 16, 2021
	Craig Leon [(1)]	214,000	$0.20	August 12, 2025
	Craig Leon	100,000	$0.20	24 months from closing of Qualifying Transaction
	Anton Konovalov [(2)]	85,786	$0.20	August 12, 2025
	Timothy Leon [(2)]	128,679	$0.20	August 12, 2025
	Gravitas Securities Inc.	16,000	$0.25	November 29, 2019
	Graham Saunders	200,000	$0.18	12 months from closing

				of Qualifying Transaction
	Anthony Cohen	100,000	$0.25	December 15, 2018
	Anthony Cohen	100,000	$0.25	December 15, 2019
	Ov2 Securities Inc.	112,000	$0.25	12 months from conversion of debt instrument
	Sheldon Pollack	1,000,000	$0.25	12 months from conversion of debt instrument
	Phillip DeLeon	400,000	$0.25	12 months from conversion of debt instrument
	Agents' Resulting Issuer Compensation Warrants	734,296	$0.18	24 months following the Escrow Release Date
	Belgravia Capital International Inc.	100,000	$0.25	March 1, 2018
	Belgravia Capital International Inc.	1,805,555	$0.18	August 1, 2018
	Canaccord Genuity Corp.	13,888	$0.25	6 months from closing of Qualifying Transaction
	Sheldon Pollack	1,722,600	$0.18	12 months from closing of Qualifying Transaction
	Mitsunobu Yoshiyuki	1,449,672	$0.18	12 months from closing of Qualifying Transaction
	Strategic Hospitality Services Inc.	240,367	$0.18	12 months from closing of Qualifying Transaction
	Shodhan Patel	164,267	$0.18	12 months from closing of Qualifying Transaction
	James A. Stevenson	164,267	$0.18	12 months from closing of Qualifying Transaction
	Phillip DeLeon	687,517	$0.18	12 months from closing

				of Qualifying Transaction
	Redwood Pension Class	1,897,639	$0.18	12 months from closing of Qualifying Transaction
	Borden Ladner Gervais LLP	258,677	$0.18	12 months from closing of Qualifying Transaction
	Graham Saunders	36,756	$0.18	12 months from closing of Qualifying Transaction

Notes:

(1) Upon completion of the Merger, options to purchase an aggregate of 214,000 Resulting Issuer Shares at an exercise price of $0.25 per share will be held by the current officers of Revelstoke.

(2) Upon completion of the Merger, options to purchase an aggregate of 187,465 Resulting Issuer Shares at an exercise price of $0.25 per share will be held by the current directors of Revelstoke who are not also officers of Revelstoke.

(3) There are no current or former directors of Zonetail with options to purchase Resulting Issuer Shares.

(4) There are no current or former employees of Zonetail with options to purchase Resulting Issuer Shares.

(5) Other than Dane Walton and Craig Leon (see notes 10 and 11 below), there are no current or former consultants of Zonetail with options to purchase Resulting Issuer Shares.

(6) The Revelstoke Warrants will be exercisable into an aggregate of 328,930 Resulting Issuer Shares at an exercise price of $0.20 per share.

(7) Upon completion of the Merger, no options to purchase Resulting Issuer Shares will be held by the current officers of Zonetail.

(8) Upon completion of the Merger, no options to purchase Resulting Issuer Shares will be held by employees and former employees of Zonetail.

(9) Dane Walton holds these options beneficially through 2129643 Ontario Inc. for consulting services provided.

Upon completion of the Merger, the Agents will hold the Agents’ Resulting Issuer Compensation Warrants.

Stock Option Plan

The Resulting Issuer will adopt the Revelstoke Option Plan upon completion of the Merger. The principal terms of the Resulting Issuer Option Plan are set out below.

Resulting Issuer Option Plan

The Resulting Issuer Option Plan will enable the directors, officers, employees and consultants of the Resulting Issuer and its affiliates to participate in the growth and development of the Resulting Issuer by providing such persons with the opportunity, through options to purchase shares, to acquire an increased proprietary interest in the Resulting Issuer that is aligned with the interests of the shareholders.

The Resulting Issuer Option Plan will provide that the directors of the Resulting Issuer may from time to time, in their discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Resulting Issuer, non-transferable options to purchase shares, provided that the number of shares reserved for issue will not exceed 10% of the number of then outstanding shares as at the date of the grant. Subject to the terms of grant as may be determined by the Board of Directors at the time options are granted, options may be exercisable for a period of up to ten years after the date of grant thereof.

The Resulting Issuer Option Plan will be administered by the Board of Directors which may grant options to directors, officers, employees and consultants of the Resulting Issuer and its affiliates. The Board of Directors has the discretion to determine to whom options will be granted, the number and exercise price of such options and the terms and time frames in which the options will vest and be exercisable. Options, however, may only be exercisable for a maximum of ten calendar years from the date of grant and the exercise price of the options must be no less than the Discounted Market Price as defined in Exchange Policy 1.1.

Outstanding Zonetail Options

Following the completion of the Merger and subject to receipt of all required regulatory approvals each Zonetail Option outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Options as such holder is entitled in accordance with the Exchange Ratio with such Resulting Issuer Options having substantially the same terms as the applicable Zonetail Options, except to the extent such terms may be adjusted to reflect the Merger.

Outstanding Zonetail Warrants and Debt Conversion Warrants

Following the completion of the Merger and subject to receipt of all required regulatory approvals each Zonetail Warrant and Debt Conversion Warrant outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Warrants as such holder is entitled in accordance with the Exchange Ratio with such Resulting Issuer Warrants having substantially the same terms as the applicable Zonetail Warrants or Debt Conversion Warrants, except to the extent such terms may be adjusted to reflect the Merger.

Escrowed Securities

Two classes of escrow will apply to the following groups of Resulting Issuer Shares: (i) CPC Escrow Shares and (ii) Value Escrow Shares. The CPC Escrow Shares are subject to an escrow agreement that continues as part of Revelstoke's initial public offering, while the Value Escrow Shares are subject to escrow as a result of the completion of the Qualifying Transaction pursuant to Exchange Policy 5.4.

Terms of Escrow for the CPC Escrow Shares

CPC Escrow Shares are Revelstoke Shares held in escrow pursuant to Section 11.1 of Exchange Policy 2.4 – *Capital Pool Companies*, to which, upon completion of the Qualifying Transaction, the CPC Escrow Shares currently outstanding will become subject to escrow applicable to a Tier

2 Issuer under the policies of the Exchange, and subject to release in accordance with the following timeline:

Tier 2 Issuer

% of Resulting Issuer Shares Released From Escrow	Release date
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

The following table sets out, as of the date hereof and to the knowledge of Revelstoke and Zonetail, the name and municipality of residence of the securityholders whose Resulting Issuer Shares will be CPC Escrow Shares. An aggregate of 500,000 Revelstoke Shares are held in escrow with TMX Trust Company under the provisions of the CPC Escrow Agreement:

Prior to Giving Effect to the Proposed Qualifying Transaction				**After Giving Effect to the Qualifying Transaction, the Financing and the Additional Financing**	
Name and Municipality of Residence of Shareholder	**Designation or Class**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**	**Number of Securities held in Escrow (2)**	**Percentage of Class Subject to Escrow**
Craig Leon Toronto, Ontario	Common	375,000	9.89%	375,000	0.60%
Anton Konovalov Toronto, Ontario	Common	100,000	2.63%	100,000	0.16%
Timothy Leon Toronto, Ontario	Common	25,000	0.65%	50,000	0.08%

(1) The escrow agent of these Resulting Issuer Shares is TMX Equity Transfer Services.

Terms of Escrow for the Value Escrow Shares

The following Resulting Issuer Shares being issued under the Merger Agreement will be Escrow Shares, as such term is defined in Exchange Policy 5.4, which will be subject to the release schedule applicable under a Tier 2 Value Security Escrow Agreement, as indicated below, in accordance with the following timeline:

Tier 2 Issuer

% of Resulting Issuer Shares Released From Escrow	**Release date**
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

The following table sets out, as of the date hereof and to the knowledge of Zonetail and Revelstoke, the names of the security holders of Zonetail whose Resulting Issuer Shares will be held in escrow with TMX Trust Company under the provisions of a Tier 2 Value Security Escrow Agreement:

Prior to Giving Effect to the Proposed Qualifying Transaction, the Financing and the Additional Financing				**After Giving Effect to the Qualifying Transaction, the Financing and the Additional Financing**	
Name and Municipality of Residence of Shareholder	**Designation or Class**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**
Brian Davies Uxbridge, Ontario	Common	nil	nil	nil	nil
Daniel Crandall Toronto, Ontario	Common	nil	nil	nil	nil
Peter Holmes Toronto, Ontario	Common	nil	nil	5,898,612	9.43%
Jeffrey Plowman Ottawa, Ontario	Common	nil	nil	2,949,306	4.72%
Asif Khan Pickering, Ontario	Common	nil	nil	98,970	0.16%
David Knopf Toronto, Ontario	Common	nil	nil	98,970	0.16%
Carolyn Pollard Toronto, Ontario	Common	nil	nil	98,970	0.16%
David Arbuthnot Cambridge, Ontario	Common	nil	nil	98,970	0.16%
Troy Rainville Maple, Ontario	Common	nil	nil	1,202,485	1.92%

Prior to Giving Effect to the Proposed Qualifying Transaction, the Financing and the Additional Financing				After Giving Effect to the Qualifying Transaction, the Financing and the Additional Financing	
Name and Municipality of Residence of Shareholder	**Designation or Class**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**
Tom Tittel Toronto, Ontario	Common	nil	nil	98,970	0.16%
Mike Tucker Severn, Ontario	Common	nil	nil	74,227	0.12%
Matt Rice Mississauga, Ontario	Common	nil	nil	197,940	0.32%
Steve Sonne Toronto, Ontario	Common	nil	nil	98,970	0.16%
John Whelton Whitby, Ontario	Common	nil	nil	98,970	0.16%
Kevin Wright Toronto, Ontario	Common	nil	nil	98,970	0.16%
Redwood Pension Class Toronto, Ontario	Common	nil	nil	80,000	0.13%
Ronan Powell Toronto, Ontario	Common	nil	nil	100,000	0.16%
Sam Genkov Toronto, Ontario	Common	nil	nil	2,500	0.00%
Redwood Pension Class Toronto, Ontario	Common	nil	nil	120,000	0.19%
Belgravia Capital International Inc. Toronto, Ontario	Common	nil	nil	3,349,999 (3)	5.36%

(1) The escrow agent of these Resulting Issuer Shares is TSX Trust.
(2) In addition, 1,905,555 Resulting Issuer Warrants held by Belgravia will also be subject to escrow.

Terms of Escrow for the Surplus Escrow Shares

The following Resulting Issuer Shares being issued under the Merger Agreement will be Escrow Shares, as such term is defined in Exchange Policy 5.4, which will be subject to the release schedule applicable under a Tier 2 Surplus Security Escrow Agreement, as indicated below, in accordance with the following timeline:

Tier 2 Issuer

% of Resulting Issuer Shares Released From Escrow	Release date
5%	Date of Final Exchange Bulletin
5%	6 months from Final Exchange Bulletin
10%	12 months from Final Exchange Bulletin

Tier 2 Issuer

% of Resulting Issuer Shares Released From Escrow	Release date
10%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
40%	36 months from Final Exchange Bulletin

The following table sets out, as of the date hereof and to the knowledge of Zonetail and Revelstoke, the names of the security holders of Zonetail whose Resulting Issuer Shares will be held in escrow with TMX Trust Company under the provisions of a Tier 2 Surplus Security Escrow Agreement:

Prior to Giving Effect to the Proposed Qualifying Transaction, the Financing and the Additional Financing				After Giving Effect to the Qualifying Transaction, the Financing and the Additional Financing	
Name and Municipality of Residence of Shareholder	**Designation or Class**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**	**Number of Securities held in Escrow**	**Percentage of Class Subject to Escrow**
Mark Holmes Toronto, Ontario	Common	nil	nil	5,938,223	9.50%
Paul Scott South Pasadena, California	Common	nil	nil	2,899,820	4.64%
Reetu Gupta Toronto, Ontario	Common	nil	nil	nil (1)	nil
David Oliver Toronto Ontario	Common	nil	nil	286,200	0.46%
Adam Topp Winnipeg, Manitoba	Common	nil	nil	98,970	0.16%
Ken Singh Toronto, Ontario	Common	nil	nil	250,000	0.40%

(1) Rogue Insight Capital Inc., of which Reetu Gupta is a principal, will hold 2,000,000 Resulting Issuer Shares on account of the Subscription Receipts acquired by Rogue Insight Capital Inc. pursuant to the Financing. Resulting Issuer Shares held by Rogue Insight Capital Inc. will not be subject to escrow.

Seed Share Resale Restrictions

Pursuant to Exchange Policy 5.4, certain of the non-principal Zonetail shareholders, upon exchange of the Zonetail Shares into Resulting Issuer Shares, may be subject to seed share resale restrictions ("**SSRRs**"). SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies prior to the completion of a Qualifying Transaction. The terms of SSRRs are based on the length of time such Zonetail Shares have been held and the price at which such shares were originally issued. All Resulting

Issuer Shares subject to SSRRs will be issued with a restrictive legend stating when the applicable SSRR hold period will expire.

Auditor, Transfer Agent and Registrar

Upon Completion of the Merger, it is intended that the Resulting Issuer's auditors will be MNP LLP, Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants.

TMX Trust Company, at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, will be appointed as the registrar and transfer agent of the Resulting Issuer Shares following completion of the Merger.

GENERAL MATTERS

Sponsorship and Agent

The Agents acted as agents in connection with the Financing. The Agents received the Commission and the Agents' Compensation Warrants for acting in such capacity. The Agents' Compensation Warrants shall entitle the Agents to that number of Agents' Resulting Issuer Compensation Warrants as such Agent is entitled to receive in accordance with the Exchange Ratio, pursuant to the Merger.

The Exchange has advised Revelstoke that it qualifies for an exemption from the sponsorship requirements of the Exchange in connection with the Qualifying Transaction under section 3.4 of Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

Relationships

In connection with the Financing, Zonetail entered into the Agency Agreement with the Agents pursuant to which the Agents sold, on a best efforts agency basis, $2,003,416.56 of Subscription Receipts. See *"Part II – Information Concerning Zonetail – Financing"*.

Experts

Interest of Experts

No Person, whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Revelstoke, Zonetail or the Resulting Issuer or of an Associate or Affiliate of Revelstoke, Zonetail or the Resulting Issuer, other than as described below.

MNP LLP, the auditors of Revelstoke, audited the financial statements of Revelstoke for the financial years ended June 30, 2016, 2017 and 2018 and for the period commencing November 14, 2014, the date of incorporation of Revelstoke, to June 30, 2015, and delivered the Independent Auditor's report thereon, copies of which are attached as Exhibit "A" to this Filing

Statement. MNP LLP has confirmed that it is independent of Revelstoke in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

MNP LLP, the auditors of Zonetail, audited the financial statements of Zonetail for the year ended December 31, 2017, and delivered the Independent Auditor's report thereon, a copy of which is attached as Exhibit "C" to this Filing Statement. Neither MNP LLP nor any Associate or Affiliate thereof has any interest, direct or indirect, in Revelstoke, Zonetail or the Resulting Issuer.

Other Material Facts

There are no material facts about Revelstoke, Zonetail, the Resulting Issuer or the Merger that are not disclosed under the preceding items and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Revelstoke, Zonetail and the Resulting Issuer, assuming completion of the Merger.

Board Approval

The board of directors of Revelstoke has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than the Issuer, the Issuer has relied upon information furnished by such person.

Acknowledgement – Personal Information

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange pursuant to this Filing Statement; and

(b) the collection, use and disclosure of Personal Information by the Exchange for purposes described in Appendix 6B of Exchange Form 3B2 or as otherwise identified by the Exchange from time to time.

ZONETAIL INC.

Per: *(signed) "Mark Holmes"*
Name: Mark Holmes
Title: Chief Executive Officer and Founder

REVELSTOKE EQUITY INC.

Per: *(signed) "Craig Leon"*
Name: Craig Leon
Title: Chief Executive Officer

FINANCIAL STATEMENTS

Financial statements and MD&A for each of Revelstoke, Zonetail and the Resulting Issuer, as applicable, may be found attached hereto at Exhibits "A" through "E", respectively.

- Exhibit "A" – (i) Audited annual financial statements of Revelstoke for the period from the date of incorporation (March 14, 2013) to June 30, 2015 and the years ended June 30, 2016, 2017 and 2018 and the Independent Auditor's report thereon;

- Exhibit "B" – Revelstoke's MD&A in connection with those financial statements attached as Exhibit "A";

- Exhibit "C" – (i) Audited financial statements of Zonetail for the year ended December 31, 2017 and the Independent Auditor's report thereon, which includes the unaudited financial statements for the year ended December 31, 2016; and (ii) the unaudited interim financial statements of Zonetail and related notes thereto for the period ending June 30, 2018 and June 30, 2017;

- Exhibit "D" – Zonetail's MD&A in connection with those financial statements attached as Exhibit "C";

- Exhibit "E" – pro forma financial statements of the Resulting Issuer.

CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Revelstoke Equity Inc. assuming completion of the Qualifying Transaction.

(signed) "Craig Leon"

Craig Leon, Chief Executive Officer, Chief Financial Officer, Corporate Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Anton Konovalov"	*(signed) "Timothy Leon"*
Anton Konovalov, Director	Timothy Leon, Director

CERTIFICATE OF ZONETAIL INC.

The foregoing as it relates to Zonetail Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of Zonetail Inc.

(signed) "Mark Holmes"
Mark Holmes, President and Chief Executive Officer

(signed) "Daniel Crandall"
Daniel Crandall, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Paul Scott"
Paul Scott, Director and Chairman

(signed) "David Oliver"
David Oliver, Director

EXHIBIT "A"

See attached.

Revelstoke Equity Inc.
(A Capital Pool Company)

Financial Statements

June 30, 2018 and 2017

Independent Auditors' Report

To the Shareholders of Revelstoke Equity Inc. (A Capital Pool Company):

Report on the Financial Statements

We have audited the accompanying financial statements of Revelstoke Equity Inc., which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2018 and 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Revelstoke Equity Inc. as at June 30, 2018 and 2017, and its financial performance and cash flows for the years ended June 30, 2018 and 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial statements which highlights the existence of a material uncertainty in relation to conditions that cast significant doubt on Revelstoke Equity Inc.'s ability to continue as a going concern.

MNP LLP

Mississauga, Ontario
August 28, 2018

Chartered Professional Accountants
Licensed Public Accountants

MNP

Statements of Financial Position
As at June 30
(in Canadian Dollars)

		2018		2017
Assets				
Current assets				
Cash	**$**	**388,682**	$	473,612
	$	**388,682**	$	473,612
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**16,653**	$	29,880
Shareholders' equity				
Share capital *(note 3)*		**618,512**		618,512
Contributed Surplus (*note 4*)		**151,060**		151,060
Deficit		**(397,543)**		(325,840)
		372,029		443,732
	$	**388,682**	$	473,612

Nature of Operations and Going Concern *(note 1)*

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed: "Craig Leon"

Director

Signed: "Tim Leon"

Director

Revelstoke Equity Inc.
(A Capital Pool Company)

Statements of Loss and Comprehensive Loss
(in Canadian Dollars)

		June 30, 2018		June 30, 2017
Expenses				
Professional fees		**53,687**		47,016
Filing fees		**18,016**		18,470
Office expense		**-**		24
Net loss and comprehensive loss	**$**	**(71,703)**	$	(65,510)
Loss per share - basic and diluted (*note 5*)	**$**	**(0.02)**	$	(0.02)
Weighted average shares outstanding *(note 5)*		**4,053,684**		4,289,300

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity
For the years ended June 30, 2018 and 2017
(in Canadian Dollars)

	Number of common shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, June 30, 2016	**4,289,300**	**$ 618,512**	**$ 151,060**	**$ (260,330)**	**$ 509,242**
Comprehensive loss for the year	-	-	-	(65,510)	(65,510)
Balance, June 30, 2017	**4,289,300**	**$ 618,512**	**$ 151,060**	**$ (325,840)**	**$ 443,732**
Seed shares cancelled (*note 3*)	(500,000)	-	-	-	-
Comprehensive loss for the year	-	-	-	(71,703)	(71,703)
Balance, June 30, 2018	**3,789,300**	**$ 618,512**	**$ 151,060**	**$ (397,543)**	**$ 372,029**

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
(in Canadian Dollars)

		June 30, 2018		June 30, 2017
Cash flow from operating activities				
Net loss and comprehensive loss	**$**	**(71,703)**	$	(65,510)
Net change in non-cash working capital				
Increase in accounts payable and accrued liabilities		**(13,227)**		29,586
		(84,930)		(35,924)
Net change in cash		**(84,930)**		(35,924)
Cash, beginning of year		**473,612**		509,536
Cash, end of year	**$**	**388,682**	$	473,612

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Going Concern

Revelstoke Equity Inc. (the "Company") (A Capital Pool Company) was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on November 14, 2014.

On August 12, 2015, the Company completed its Initial Public offering ("IPO") to be classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange ("TSX Venture"). The Company's principal purpose is the identification and evaluation of assets or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholders' approval and acceptance by the TSX Venture.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the TSX Venture. Where an acquisition or participation (the "Qualifying Transaction) is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will be able to secure the necessary financing to complete a Qualifying Transaction. The TSX Venture may suspend or de-list the Company's shares from trading should it not meet these requirements. Accordingly, there exists a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company’s head office and registered records office address is 40 King Street West, Suite 4400, Toronto, Ontario, Canada M5H 3Y4.

These financial statements were authorized for issue by the Board of Directors on August 28, 2018.

2. Summary of Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

2. Summary of Significant Accounting Policies - continued

Use of Estimates and Judgment

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

2. Summary of Significant Accounting Policies - continued

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or assets acquired principally for the purpose of being resold in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

2. Summary of Significant Accounting Policies - continued

Financial instruments - continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities - this category includes accounts payables and accrued liabilities, which is recognized at amortized cost.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2018, and 2017, cash is measured at fair value and is classified within Level 1 of the fair value hierarchy on the statement of financial position.

Future accounting pronouncements

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9, Financial Instruments, (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Management does not expect a significant impact to the Company’s financial statements on adoption of IFRS 9.

(in Canadian Dollars)

3. Share Capital

Authorized

Unlimited Common shares

Issued and outstanding common shares

Balance at June 30, 2016	4,289,300	$	618,512
	-		-
Balance at June 30, 2017	4,289,300		618,512
Seed shares cancelled	(500,000)		-
Balance at June 30, 2018	3,789,300	$	618,512

(i) Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the Exchange, 1,000,000 common shares issued on April 9, 2015 are held in escrow. On January 9, 2018, as the result of the failure to complete a Qualifying Transaction by January 5, 2018 pursuant to the CPC Policy, the Company cancelled 500,000 Seed Shares, as defined under the CPC Policy. Under the terms of the Escrow Agreement, the remaining 500,000 shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction as defined in the policies of the Exchange, and as to 15% thereof on each of the 6^{th}, 12^{th}, 18^{th}, 24^{th}, 30^{th} and 36^{th} months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the TSX Venture, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

(in Canadian Dollars)

4. Contributed surplus

(a) Stock Options

Upon completion of the IPO the Company established a stock option plan (the "Plan") for its officers and directors under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

	Options Outstanding and Exercisable		Weighted Average Exercise Price		Fair Value
Balance at June 30, 2016	428,930	$	0.20	$	100,098
Granted	-		-		-
Expired	-		-		-
Balance at June 30, 2017	428,930	$	0.20	$	100,098
Granted	-		-		-
Expired	-		-		-
Balance at June 30, 2018	428,930	$	0.20	$	100,098

During the year ended June 30, 2018, the Company granted nil (2017 – nil) options to its directors as share-based compensation.

The fair value of the options granted during the year ended June 30, 2016 was determined using the Black-Scholes valuation model with the following assumptions:

Grant Date	August 12, 2015
Share price at time of grant	$0.25
Number of options	428,930
Exercise price	$0.20
Expected life in years	10
Volatility based on comparable entities	112%
Risk-free interest rate	0.53%
Forfeiture rate	0%
Dividend yield	nil

(in Canadian Dollars)

4. Contributed surplus - continued

(b) Warrants

	Number of Outstanding Warrants		Weighted Average Exercise Price		Fair Value
Balance at June 30, 2016	328,930	$	0.20	$	50,962
Granted	-		-		-
Expired	-		-		-
Balance at June 30, 2017	328,930	$	0.20	$	50,962
Granted	-		-		-
Expired	(328,930)		(0.20)		(50,962)
Balance at June 30, 2018	-	$	-	$	-

During the year ended June 30, 2018, the Company issued nil (2017 – nil) warrants. All warrants expired as of August 12, 2017 and all warrants were unexercised at the expiration date.

5. Loss per share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the year ended June 30, 2018 was 4,053,684 (2017 – 4,289,300) for the purpose of calculating the basic loss per share. For the year ended June 30, 2018 and 2017, potentially dilutive common shares issuable on exercise of options or warrants outstanding and conversion options were not included in the computation of loss per share because their effect was anti-dilutive.

(in Canadian Dollars)

6. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates 26.5% (2017 – 26.5%) to the Company's effective income tax expense is as follows:

		For the year ended June 30, 2018		For the year ended June 30, 2017
Net loss for the year	**$**	**(71,703)**	$	(65,510)
Expected income tax recovery	**$**	**(19,000)**	$	(17,360)
True-up to prior year		**-**		(12,974)
Net change in unrecognized deferred tax assets		**19,000**		30,334
Income tax recovery	$	-	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		For the year ended June 30, 2018		For the year ended June 30, 2017
Non-capital loss carry forward	**$**	**375,010**	$	274,910
Share issuance costs		**55,660**		83,530
Cumulative eligible capital		**4,190**		4,640
	$	**434,860**	$	363,080

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which Company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2035	$	58,236
2036		122,872
2037		93,802
2038		100,100
	$	375,010

7. Financial Instruments

Fair Values

At June 30, 2018, the Company's financial instruments consisted of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument.

Credit Risk

The Company is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

8. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

9. Proposed Transaction with Jet Power & Controls Ltd.

On January 3, 2017, as amended on February 28, 2017 and as further amended on May 23, 2017, the Company entered into a binding letter of intent with Jet Power & Controls Ltd. (“Jet Power”) which outlined the general terms and conditions of a Proposed Transaction. The letter of intent with Jet Power contained a condition that the Proposed Transaction be completed by August 15, 2017. On January 8, 2018, the Company announced that after due efforts by both the Company and Jet Power, the Company and Jet Power will not proceed with the Proposed Transaction as not all of the conditions to the Proposed Transaction (as disclosed in the Note 6 to the unaudited condensed interim financial statements for the three-month period ended September 30, 2017 filed on SEDAR on November 29, 2017) were satisfied and, as a result, the letter of intent with Jet Power has been terminated.

9. Proposed Transaction with Jet Power & Controls Ltd. (continued)

The Proposed Transaction would have resulted in the Company acquiring all of the issued and outstanding shares of Jet Power, with each shareholder and warrant holder of Jet Power receiving one share of the Company, issued at a deemed price of $0.30 for every Jet Power share held by them and/or one warrant of the Company for every warrant of Jet Power held by them. The number of shares of the Company to be issued to acquire Jet Power would have been 43,000,000.

If the Proposed Transaction had been completed, the Company would have continued on with the business of Jet Power and the name of the resulting issuer would have changed to "Jet Power & Controls Ltd." or such other name as would have been acceptable to the Company, Jet Power and the Exchange.

10. Transfer to the NEX

On November 24, 2017, the Company held a special meeting of shareholders (the "Special Meeting") as the Company did not complete the Proposed Transaction prior to January 5, 2018. At the Special Meeting, and pursuant to the CPC Policy, the Company received shareholder approval to (i) transfer the Company to the NEX, (ii) cancel 500,000 Seed Shares, as defined under the CPC Policy, purchased by non-arms' length parties to the Company at a discount to the Company's initial public offering such that the average cost of the remaining Seed Shares is at least equal to $0.20 (or such other number of Seed Shares as may be defined by the Exchange), and (iii) applied for a reinstatement to trading on the NEX where its symbol would be changed from REQ.P to REQ.H and the Exchange has accepted the application.

11. Proposed Transaction with Zonetail Inc.

On January 29, 2018, the Company entered into a letter of intent (the "2018 Zonetail LOI") with Zonetail Inc. ("Zonetail") to complete a business combination meant to constitute the Qualifying Transaction of the Company (the "Zonetail QT"). Upon completion of the Zonetail QT it is expected that the Company will meet the initial listing requirements for a Tier 2 Technology issuer under Exchange policies.

The final structure of the Zonetail QT is subject to receipt of tax, corporate and securities law advice for both the Company and Zonetail, and certain conditions precedents to closing, including, a condition that Zonetail must complete a brokered private placement to raise, at least, the minimum amount of gross proceeds required for the Company to meet the initial listing requirements of the Exchange.

Revelstoke Equity Inc.
(A Capital Pool Company)

Financial Statements

June 30, 2017 and 2016

Independent Auditors' Report

To the Shareholders of Revelstoke Equity Inc. (A Capital Pool Company):

We have audited the accompanying financial statements of Revelstoke Equity Inc., which comprise the statement of financial position as at June 30, 2017 and 2016, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2017 and 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Revelstoke Equity Inc. as at June 30, 2017 and 2016 and its financial performance and cash flows for the years ended June 30, 2017 and 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 of the financial statements which highlights the existence of a material uncertainty in relation to conditions that cast significant doubt on Revelstoke Equity Inc.'s ability to continue as a going concern.

MNP LLP

Mississauga, Ontario
October 27, 2017

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

Statements of Financial Position
As at June 30
(in Canadian Dollars)

		2017		2016
Assets				
Current assets				
Cash	**$**	**473,612**	$	509,536
	$	**473,612**	$	509,536
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**29,880**	$	294
Shareholders' equity				
Share capital *(note 3)*		**618,512**		618,512
Contributed Surplus (*note 4*)		**151,060**		151,060
Deficit		**(325,840)**		(260,330)
		443,732		509,242
	$	**473,612**	$	509,536

Nature of Operations and Going Concern *(note 1)*

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed: "Craig Leon" ***Signed: "Tim Leon"***

Director Director

Statements of Loss and Comprehensive Loss
(in Canadian Dollars)

		June 30, 2017		June 30, 2016
Expenses				
Share-based compensation (*note 4(a)*)	**$**	**-**	$	100,098
Professional fees		**47,016**		73,619
Filing fees		**18,470**		20,034
Office expense		**24**		886
Net loss and comprehensive loss	**$**	**(65,510)**	$	(194,637)
Loss per share - basic and diluted (*note 5*)	**$**	**(0.02)**	$	(0.05)
Weighted average shares outstanding *(note 5)*		**4,289,300**		3,903,905

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity
For the years ended June 30, 2017 and 2016
(in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, June 30, 2015	**1,000,000**	**$ 100,000**	**$ -**	**$ (65,693)**	**$ 34,307**
Issuance of common shares (note 3)	**3,289,300**	**657,860**	**-**	**-**	**657,860**
Share issuance costs (note 3)	**-**	**(88,386)**	**-**	**-**	**(88,386)**
Broker warrants (note 4(b))	**-**	**(50,962)**	**50,962**	**-**	**-**
Share-based compensation (note 4(a))	**-**	**-**	**100,098**	**-**	**100,098**
Loss and comprehensive loss for the year	**-**	**-**	**-**	**(194,637)**	**(194,637)**
Balance, June 30, 2016	**4,289,300**	**618,512**	**151,060**	**(260,330)**	**509,242**
Loss and comprehensive loss for the year	**-**	**-**	**-**	**(65,510)**	**(65,510)**
Balance June 30, 2017	**4,289,300**	**$ 618,512**	**$ 151,060**	**$ (325,840)**	**$ 443,732**

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
(in Canadian Dollars)

		June 30, 2017		June 30, 2016
Cash flow from operating activities				
Net loss and comprehensive loss	**$**	**(65,510)**	$	(194,637)
Adjustments for				
Share-based compensation		**-**		100,098
Net change in non-cash working capital				
Increase in accounts payable and accrued liabilities		**29,586**		(31,699)
		(35,924)		(126,238)
Cash flow from financing activities				
Proceeds from issuance of shares, net of issuance costs		**-**		569,474
Net change in cash		**(35,924)**		443,236
Cash, beginning of year		**509,536**		66,300
Cash, end of year	**$**	**473,612**	$	509,536

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Going Concern

Revelstoke Equity Inc. (the "Company") (A Capital Pool Company) was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on November 14, 2014.

On August 12, 2015, the Company completed its Initial Public offering ("IPO") (note 3) to be classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange ("TSX Venture"). The Company's principal purpose is the identification and evaluation of assets or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholders' approval and acceptance by the TSX Venture.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the TSX Venture. Where an acquisition or participation (the "Qualifying Transaction) is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will be able to secure the necessary financing to complete a Qualifying Transaction. The TSX Venture may suspend or de-list the Company's shares from trading should it not meet these requirements. Accordingly, there exists a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company’s head office and registered records office address is 40 King Street West, Suite 4400, Toronto, Ontario, Canada M5H 3Y4.

These financial statements were authorized for issue by the Board of Directors on October 27, 2017.

2. Summary of Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

2. Summary of Significant Accounting Policies - continued

Use of Estimates and Judgment

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

2. Summary of Significant Accounting Policies - continued

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or assets acquired principally for the purpose of being resold in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

2. Summary of Significant Accounting Policies - continued

Financial instruments - continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities - this category includes accounts payables and accrued liabilities, which is recognized at amortized cost.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2017 and 2016, cash is measured at fair value and is classified within Level 1 of the fair value hierarchy on the statement of financial position.

Future accounting pronouncements

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Amendments to IFRS 7, Financial Instruments: Disclosures (“IFRS 7”). The Company will be required to adopt amendments to IFRS 7, requiring increased disclosure regarding derecognition of financial assets and the continuing involvement accounting for annual periods beginning on or after December 1, 2016. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 7 will have on the Company’s financial statements.

IFRS 9, Financial Instruments, (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the

(in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

Future Accounting Announcement - continued

financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 9 will have on the Company's financial statements.

3. Share Capital

Authorized

Unlimited   Common shares

Issued and outstanding common shares

Balance at June 30, 2015	1,000,000	$ 100,000
Shares issued for cash (i)	3,289,300	657,860
Share issuance costs (i)	-	(88,386)
Broker warrants (i)	-	(50,962)
Balance at June 30, 2016 and 2017	4,289,300	$ 618,512

(i) On August 12, 2015, the Company completed its Initial Public Offering ("IPO") and issued 3,289,300 common shares, at a price of $0.20 per share, for gross proceeds of $657,860. The Company granted Hampton Securities Limited, its agent for the IPO, Agent's warrants allowing it to purchase 328,930 common shares at a price of $0.20 per common share, exercisable for a period of twenty-four months from the date of listing of the common shares on the TSX Venture (the "Exchange") (Note 4(b)). The Company also incurred $88,386 in cash issuance costs related to the IPO.

Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture, 1,000,000 common shares issued on April 30, 2014 are held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction as defined in the policies of the TSX Venture, and as to 15% thereof on each of the 6^{th}, 12^{th}, 18^{th}, 24^{th}, 30^{th} and 36^{th} months following the initial release.

(in Canadian Dollars)

3. Share Capital - continued

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the TSX Venture, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

4. Contributed surplus

(a) Stock Options

Upon completion of the IPO the Company established a stock option plan (the "Plan") for its officers and directors under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

	Options outstanding and exercisable	Weighted Average Exercise Price	Fair Value
Balance at June 30, 2015	-	$ -	$ -
Options granted (expiry date - August 12, 2025)	428,930	0.20	100,098
Balance at June 30, 2016 and 2017	428,930	$ 0.20	$ 100,098

During the year ended June 30, 2017, the Company granted nil (2016 – 428,930) options to its directors as share-based compensation.

The fair value of the options granted during the year ended June 30, 2016 was determined using the Black-Scholes valuation model with the following assumptions:

Grant Date	August 12, 2015
Share price at time of grant	$0.25
Number of options	428,930
Exercise price	$0.20
Expected life in years	10
Volatility based on comparable entities	112%
Risk-free interest rate	0.53%
Forfeiture rate	0%
Dividend yield	nil

(in Canadian Dollars)

4. Contributed surplus - continued

(b) Warrants

	Number of Outstanding Warrants		Weighted Average Exercise Price		Fair Value
Balance at June 30, 2015	-	$	-	$	-
Warrants issued - 2016 (expiry date - August 12, 2017)	328,930		0.20		50,962
Balance at June 30, 2016 and 2017	328,930	$	0.20	$	50,962

During the year ended June 30, 2017, the Company issued nil (2016 – 328,930) warrants. All warrants are unexercised as of June 30, 2017.

The fair value of the warrants issued on August 12, 2015 was determined using the Black-Scholes valuation model with the following assumptions:

Grant Date	August 12, 2015
Share price at time of grant	$0.25
Number of warrants	328,930
Exercise price	$0.20
Expected life in years	10
Volatility based on comparable entities	112%
Risk-free interest rate	0.53%
Forfeiture rate	0%
Dividend yield	nil

5. Loss per share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the year ended June 30, 2017 was 4,289,300 (2016 – 3,903,905) for the purpose of calculating the basic loss per share. For the year ended June 30, 2017 and 2016, potentially dilutive common shares issuable on exercise of options or warrants outstanding and conversion options were not included in the computation of loss per share because their effect was anti-dilutive.

(in Canadian Dollars)

6. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates 26.5% (2016 – 26.5%) to the Company's effective income tax expense is as follows:

		For the year ended June 30, 2017		For the year ended June 30, 2016
Net loss for the year	$	**(65,510)**	$	(194,637)
Expected income tax recovery	$	**(17,360)**	$	(51,579)
Non-deductible expenses		-		26,526
True-up to prior year		**(12,974)**		-
Net change in unrecognized deferred tax assets		**30,334**		25,053
Income tax recovery	$	-	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		For the year ended June 30, 2017		For the year ended June 30, 2016
Non-capital loss carry forward	$	**274,910**	$	181,108
Share issuance costs		**83,530**		111,402
Cumulative Eligible Capital		**4,640**		5,140
	$	**363,080**	$	$297,650

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which Company can utilize the benefits therefrom.

The Company’s Canadian non-capital income tax losses expire as follows:

2035	$	58,236
2036		122,872
2037		93,802
	$	274,910

7. Financial Instruments

Fair Values

At June 30, 2017, the Company's financial instruments consisted of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument.

Credit Risk

The Company is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

8. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

9. Proposed Transaction with Jet Power & Controls Ltd.

On January 3, 2017, the Company entered into a binding letter of intent with Jet Power & Controls Ltd. ("Jet Power") which outlines the general terms and conditions of a Proposed Transaction. The Proposed Transaction will result in the Company acquiring all of the issued and outstanding shares of Jet Power, with each shareholder and warrant holder of Jet Power receiving one share of the Company, issued at a deemed price of $0.30 for every Jet Power share held by them and/or one warrant of the Company for every warrant of Jet Power held by them. The number of shares of the Company to be issued to acquire Jet Power will be 43,000,000.

As a result of the Proposed Transaction, the Company will continue on with the business of Jet Power and the name of the resulting issuer will be changed to "Jet Power & Controls Ltd." or such other name as may be acceptable to the Company, Jet Power and the TSX Venture.

9. Proposed Transaction with Jet Power & Controls Ltd. - continued

Prior to completion of the Proposed Transaction, the below conditions must be met:

(i) The Resulting Issuer shall meet the minimum listing requirements of a Tier 2 Exchange issuer pursuant to Policy 2.1 of the TSX Venture;

(ii) The Company will have taken all necessary steps to have its name changed from “Revelstoke Equity Inc.” to “Jet Power & Control Systems Ltd.” or such other name as the parties may determine and which is acceptable to the TSX Venture and applicable regulatory authorities;

(iii) Certain of the current directors and officers of Revelstoke Equity Inc, to be determined, will have resigned and the incoming directors and officers of the Resulting Issuer shall have been appointed;

(iv) Completion of a private placement of units of Jet Power for gross proceeds of a minimum of $1.5 million and a maximum of $6 million. Upon closing of the Proposed Transaction, all of the offered Shares, warrants, and compensation options issued in the Offering will be exchanged for shares, warrants and compensation options of Revelstoke Equity Inc; on a one for one basis and all on substantially the same terms and conditions;

(v) Receipt of all required consents, waiver and approvals from the Exchange, any securities regulatory authority and any other third party having jurisdiction, including approval from the TSX Venture for the Proposed Transaction as its Qualifying Transaction and the listing of the Resulting Issuer shares on the TSX Venture.

On May 8, 2017, Jet Power completed a pre-condition to completion of the Proposed Transaction by closing a brokered private placement of units for gross proceeds of $1,501,000. The offering consisted of 5,003,334 Units sold at a purchase price of $0.30 per Unit, with each Unit consisting of one common share of Jet Power and ½ of one common share purchase warrant of Jet Power for a total issuance of 5,003,334 Offered Shares and 2,501,667 Warrants. Each whole Warrant entitles the holder to purchase one additional common share of Jet Power at an exercise price of $0.50 per share for a period of 24 months from the date of issuance. Upon completion of the Proposed Transaction, the Warrants shall be subject to an accelerated expiration at the option of the Resulting Issuer should the Offered Shares trade at or above $0.75 per share for a period of 20 non-consecutive trading days.

On September 21, 2017, Jet Power completed a private placement of unsecured convertible debentures (the “Jet Power Debentures”) for aggregate gross proceeds of $500,000. The principal amount outstanding in respect of each of the Jet Power Debentures shall convert automatically, without any further notice or other steps or proceedings being taken by Jet Power, immediately prior to the completion of the Proposed Transaction, into one Jet Power Unit for each $0.30 of the principal amount outstanding under the Jet Power Debenture. The holders of each Jet Power Debenture also have the option to convert the principal amount outstanding in respect of the Jet Power Debenture, in whole or in part, into one Jet Power Unit for each $0.30 of the principal amount, such option being exercisable until the business day prior to September 21, 2018.

All of the Jet Power Shares, Warrants and Compensation Options issued in the above private placements will be exchanged for Common Shares, Warrants and Compensation Options in the resulting issuer upon completion of the Proposed Transaction.

9. Proposed Transaction with Jet Power & Controls Ltd. - continued

Jet Power is a provider of electrical power distribution control products and services to heavy power users such as pipelines, refiners, manufacturers, municipalities, and infrastructure providers across North America. Jet Power designs, manufactures, assembles, integrates, and tests a complete range of power control systems and accessories and offers services ranging from basic panel wiring to complete manufacturing of medium voltage electrical sub stations. The Jet Power Shares are not publicly listed on any securities exchange.

As not all of the conditions stated above have been met, the Proposed Transaction has not completed as of the date of these financial statements.

Revelstoke Equity Inc.
(A Capital Pool Company)

Financial Statements

June 30, 2016 and 2015

Independent Auditors' Report

To the Directors of Revelstoke Equity Inc. (A Capital Pool Company):

Report on the Financial Statements

We have audited the accompanying financial statements of Revelstoke Equity Inc., which comprise the statements of financial position as at June 30, 2016 and 2015, and the statements of comprehensive loss, changes in equity and cash flows for the year ended June 30, 2016 and for the period from November 14, 2014 (date of incorporation) to June 30, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Revelstoke Equity Inc. as at June 30, 2016 and 2015, and its financial performance and its cash flows for the year ended June 30, 2016 and for the period from November 14, 2014 (date of incorporation) to June 30, 2015 in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario

October 26, 2016

Statements of Financial Position
As at June 30
(in Canadian Dollars)

Assets				
		2016		2015
Current assets				
Cash	**$**	**509,536**	$	66,300
	$	**509,536**	$	66,300
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**294**	$	31,993
Shareholders' equity				
Share capital *(note 3)*		**618,512**		100,000
Contributed Surplus (*note 4*)		**151,060**		-
Deficit		**(260,330)**		(65,693)
		509,242		34,307
	$	**509,536**	$	66,300

Nature of Operations *(note 1)*

Subsequent Event *(note 9)*

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed: "Craig Leon" ***Signed: "Tim Leon"***

Director Director

Statements of Comprehensive loss
(in Canadian Dollars)

		June 30, 2016		For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Expenses				
Share-based compensation (*note 4(a)*)	**$**	**100,098**	$	-
Professional fees		**73,619**		51,794
Filing fees		**20,034**		13,838
Office expense		**886**		
Interest and bank charges		**-**		- 61
Net loss and comprehensive loss	**$**	**(194,637)**	$	(65,693)
Loss per share - basic and diluted (*note 5*)	**$**	**(0.05)**	$	(0.06)
Weighted average shares outstanding *(note 5)*		**3,903,905**		1,000,000

The accompanying notes are an integral part of these financial statements.

Revelstoke Equity Inc.
(A Capital Pool Company)

Statements of Changes in Equity
For the year ended June 30, 2016 and for the period from November 14, 2014 (date of incorporation) to June 30, 2015
(in Canadian Dollars)

	Number of Common shares	**Share capital**	**Contributed surplus**	**Deficit**	**Total**
Balance, November 14, 2014 (Date of incorporation)		**$**	**$**	**$**	**$**
Issuance of common shares *(note 3)*	**1,000,000**	**100,000**	**-**	**-**	**100,000**
Comprehensive loss for the period	**-**	**-**		**(65,693)**	**(65,693)**
Balance, June 30, 2015	**1,000,000**	**100,000**	**-**	**(65,693)**	**34,307**
Issuance of common shares *(note 3)*	**3,289,300**	**657,860**	**-**	**-**	**657,860**
Share issuance costs (*note 3*)	**-**	**(88,386)**	**-**	**-**	**(88,386)**
Broker warrants *(note 4(b))*	**-**	**(50,962)**	**50,962**	**-**	**-**
Share-based compensation *(note 4(a))*	**-**	**-**	**100,098**	**-**	**100,098**
Comprehensive loss for the year	**-**	**-**	**-**	**(194,637)**	**(194,637)**
Balance, June 30, 2016	**4,289,300**	**618,512**	**151,060**	**(260,330)**	**509,242**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
(in Canadian Dollars)

		June 30, 2016		For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Cash flow from operating activities				
Net loss and comprehensive loss	**$**	**(194,637)**	$	(65,693)
Adjustments for				
Share-based compensation		**100,098**		-
Net change in non-cash working capital				
Increase in accounts payable and accrued liabilities		**(31,699)**		31,993
		(126,238)		(33,700)
Cash flow from financing activities				
Proceeds from issuance of shares, net of issuance costs		**569,474**		100,000
Net change in cash		**443,236**		66,300
Cash, beginning of period		**66,300**		-
Cash, end of period	**$**	**509,536**	$	66,300

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations

Revelstoke Equity Inc. (the "Company") (A Capital Pool Company) was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on November 14, 2014.

On August 12, 2015 the Company completed its Initial Public offering ("IPO") (note 3) to be classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange ("TSX Venture"). The Company's principal purpose is the identification and evaluation of assets or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholders' approval and acceptance by the TSX Venture.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the TSX Venture. Where an acquisition or participation (the "Qualifying Transaction) is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will be able to secure the necessary financing to complete a Qualifying Transaction. The TSX Venture may suspend or de-list the Company's shares from trading should it not meet these requirements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's head office and registered records office address is 40 King Street West, Suite 4400, Toronto, Ontario, Canada M5H 3Y4.

These financial statements were authorized for issue by the Board of Directors on October 21, 2016.

2. Summary of Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

2. Summary of Significant Accounting Policies - continued

Use of Estimates and Judgment

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Significant areas where management's judgement is applied include benefits of future income tax assets, share-based compensation valuation assumptions and determinations as to whether costs are expensed or capitalized.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

2. Summary of Significant Accounting Policies - continued

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or assets acquired principally for the purpose of being resold in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale - non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

2. Summary of Significant Accounting Policies - continued

Financial instruments - continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities - this category includes accounts payables and accrued liabilities, which is recognized at amortized cost.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2016, cash has measured at fair value and is classified within Level 1 of the fair value hierarchy on the statement of financial position.

Future accounting pronouncements

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Amendments to IFRS 7, Financial Instruments: Disclosures (“IFRS 7”). The Company will be required to adopt amendments to IFRS 7, requiring increased disclosure regarding derecognition of financial assets and the continuing involvement accounting for annual periods beginning on or after December 1, 2016. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 7 will have on the Company’s financial statements.

(in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

Future Accounting Announcement - continued

IFRS 9, Financial Instruments, ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 9 will have on the Company's financial statements.

3. Share Capital

Authorized

Unlimited Common shares

Issued and outstanding common shares

	Number of Common Shares		Share capital
Balance as at incorporation, November 14, 2014	-	$	-
Shares issued by private placement (i)	1,000,000		100,000
Balance at June 30, 2015	1,000,000	$	100,000
Shares issued for cash (ii)	3,289,300		657,860
Share issuance costs (ii)	-		(88,386)
Broker warrants (ii)	-		(50,962)
Balance at June 30, 2016	4,289,300	$	618,512

(i) On April 9, 2015 the Company issued 1,000,000 common shares, at a price of $0.10 per share, for gross proceeds of $100,000.

(ii) On August 12, 2015 the Company completed its Initial Public Offering ("IPO") and issued 3,289,300 common shares, at a price of $0.20 per share, for gross proceeds of $657,860. The Company granted Hampton Securities Limited, its agent for the IPO, Agent's warrants allowing it to purchase 328,930 common shares at a price of $0.20 per common share, exercisable for a period of twenty-four months from the date of listing of the common shares on the TSX Venture (Note 4(b)). The Company also incurred $88,386 in cash issuance costs related to the IPO.

(in Canadian Dollars)

3. Share Capital - continued

Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture, 1,000,000 common shares issued on April 9, 2015 will be held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, as defined in the policies of the TSX Venture, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a

Qualifying Transaction by a Control Person, as defined in the policies of the TSX Venture, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed

4. Contributed surplus

(a) Stock Options

Upon completion of the IPO the Company established a stock option plan (the “Plan”) for its officers and directors under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

	Number of Options	**Weighted Average Exercise Price**
Balance at incorporation and June 30, 2015	-	$ -
Options granted (expiry date - August 12, 2025)	428,930	0.20
Balance at June 30, 2016	428,930	$0.20

During the year ended June 30, 2016 the Company granted 428,930 (2015 – nil) options to its directors as share-based compensation expenses.

The following table summarizes the assumptions used with Black-Scholes valuation model during the year ended June 30, 2016:

(in Canadian Dollars)

4. Contributed surplus - Continued

	June 30, 2016
Share price at time of grant	$0.25
Number of options	428,930
Exercise price	$0.20
Expected life in years	10
Volatility based on comparable entities	112%
Risk-free interest rate	0.53%
Forfeiture rate	0%
Dividend yield	nil

(b) Warrants

	Number of Outstanding Warrants	Weighted Average Exercise Price
Balance at incorporation and June 30, 2015	-	$ -
Warrants issued - 2016 (expiry date - August 12, 2017)	328,930	0.20
Balance at June 30, 2016	328,930	$0.20

During the year ended June 30, 2016, 328,930 (2015 – nil) warrants were granted to Hampton Securities Limited *(Note 3)*.

The fair value of warrants was $50,962 and was determined using the Black-Scholes valuation model with the assumptions below during the year ended June 30, 2016:

Grant Date	August 12, 2015
Share price at time of grant	$0.25
Number of warrants	328,930
Exercise price	$0.20
Expected life in years	10
Volatility based on comparable entities	112%
Risk-free interest rate	0.53%
Forfeiture rate	0%
Dividend yield	nil

(in Canadian Dollars)

5. Loss per share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the year ended June 30, 2016 was 3,903,905 (2015 – 1,000,000) for the purpose of calculating the basic loss per share. For the year ended June 30, 2016, potentially dilutive common shares issuable on exercise of options or warrants outstanding and conversion options were not included in the computation of loss per share because their effect was anti-dilutive.

6. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates 26.5% (2015 – 26.5%) to the Company's effective income tax expense is as follows:

		For the year ended June 30, 2016		For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Net loss for the period	$	**(194,637)**	$	(65,693)
Expected income tax recovery		**(51,579)**		(17,409)
Non-deductible expenses		**27,037**		-
Net change in unrecognized deferred tax assets		**24,542**		17,409
Income tax recovery	$	**-**	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		For the year ended June 30, 2016		For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Non-capital loss carry forward	$	**181,030**	$	65,693
Share issuance costs & broker warrants		**111,480**		-
Cumulative eligible capital		**5,140**		-
	$	**297,650**	$	$65,693

6. Income Taxes - Continued

The share issue costs and broker warrants will be fully amortized by 2020. The non-capital losses can be carried forward twenty years to be applied against future taxable income, with the balance expiring between 2035 and 2036. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which Company can utilize the benefits therefrom.

7. Financial Instruments

Fair Values

At June 30, 2016, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash held in trust.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

8. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

9. Subsequent Event

Potential Qualifying Transaction

On September 14, 2015 the Company entered into a letter of intent with Zonetail Inc. (“Zonetail”) to complete a business combination (the “Qualifying Transaction”) whereby the Qualifying Transaction will be completed by way of either a securities exchange or amalgamation of Zonetial with a new special purpose subsidiary of Revelstoke whereupon the shareholders of Zonetail will receive a number of common shares of Revelstoke (“Revelstoke Shares”) for each Zonetail Share based on an exchange ratio to be determined in accordance with the relative valuations of Zonetail Shares and Revelstoke Shares.

In conjunction with, and prior to the closing of the Qualifying Transaction, Zonetail intends to complete an equity financing through a private placement of subscription receipts for minimum gross proceeds of $2,000,000. The net proceeds of the Private Placement will be used for working capital and general corporate purposes.

Revelstoke Equity Inc.
(A Capital Pool Company)

Financial Statements

June 30, 2015

Independent Auditors Report

To the Directors of Revelstoke Equity Inc. (A Capital Pool Company):

Report on the Financial Statements

We have audited the accompanying financial statements of Revelstoke Equity Inc., which comprise the statement of financial position as at June 30, 2015, and the statements of comprehensive loss, changes in equity and cash flows for the period from November 14, 2014 (date of incorporation) to June 30, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Revelstoke Equity Inc. as at June 30, 2015, and its financial performance and its cash flows for the period from November 14, 2014 (date of incorporation) to June 30, 2015 in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario

October 27, 2015

Statement of Financial Position
As at June 30, 2015
(in Canadian Dollars)

Assets		
Current assets		
Cash	**$**	**66,300**
	$	**66,300**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$**	**31,993**
Shareholders' equity		
Share capital *(note 3)*		**100,000**
Deficit		**(65,693)**
		34,307
	$	**66,300**

Nature of Operations *(note 1)*

Subsequent Events *(note 7)*

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed: "Craig Leon" Director

Signed: "Tim Leon" Director

Statement of Comprehensive loss
(in Canadian Dollars)

		For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Expenses		
Professional fees	**$**	**51,794**
Filing fees		**13,838**
Interest and bank charges		**61**
Net loss and comprehensive loss for the period	**$**	**(65,693)**
Loss per share - basic and diluted	**$**	**(0.06)**
Weighted average shares outstanding		**1,000,000**

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity
For the period from November 14, 2014 (date of incorporation) to June 30, 2015
(in Canadian Dollars)

	Share Capital Number of shares	Amount	Deficit	Total
Balance, November 14, 2014 (Date of incorporation)		**$**	**$**	**$**
Issuance of common shares *(note 3)*	**1,000,000**	**100,000**	**-**	**100,000**
Comprehensive loss for the period	**-**	**-**	**(65,693)**	**(65,693)**
Balance, June 30, 2015	**1,000,000**	**100,000**	**(65,693)**	**34,307**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
(in Canadian Dollars)

	For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Cash flow from operating activities	
Net income for the period	**$ (65,693)**
Net change in non-cash working capital	
Increase in accounts payable and accrued liabilities	**31,993**
	(33,700)
Cash flow from financing activities	
Proceeds from issuance of shares, net of issuance costs	**100,000**
	66,300
Net change in cash	**66,300**
Cash, beginning of period	**-**
Cash, end of period	**$ 66,300**

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations

Revelstoke Equity Inc. (the "Company") (A Capital Pool Company) was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on November 14, 2014.

On August 12, 2015 the Company completed its Initial Public offering ("IPO") (note 7) to be classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange ("TSX Venture"). The Company's principal purpose is the identification and evaluation of assets or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholders' approval and acceptance by the TSX Venture.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the TSX Venture. Where an acquisition or participation (the "Qualifying Transaction) is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will be able to secure the necessary financing to complete a Qualifying Transaction. The TSX Venture may suspend or de-list the Company's shares from trading should it not meet these requirements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company’s head office and registered records office address is 40 King Street West, Suite 4400, Toronto, Ontario, Canada M5H 3Y4.

These financial statements were authorized for issue by the Board of Directors on October 27, 2015.

2. Summary of Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

2. Summary of Significant Accounting Policies - continued

Use of Estimates and Judgment

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

2. Summary of Significant Accounting Policies - continued

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or assets acquired principally for the purpose of being resold in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale - non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

The Company has classified its cash held in trust as financial assets at fair value through profit and loss.

2. Summary of Significant Accounting Policies - continued

Financial instruments - continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities - this category includes accounts payables and accrued liabilities, which is recognized at amortized cost.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2015, cash is measured at fair value and is classified within Level 1 of the fair value hierarchy on the statement of financial position.

Accounting standards issued but not yet applied

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. In the current circumstances, it does not expect any of these to have a material impact on the financial statements.

(in Canadian Dollars)

3. Share Capital

Authorized

Unlimited	Common shares

Issued and Outstanding

1,000,000	Common shares

On April 9, 2015 the Company issued 1,000,000 common shares, at a price of $0.10 per share, for gross proceeds of $100,000.

Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture, 1,000,000 common shares issued on April 30, 2014 will be held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, as defined in the policies of the TSX Venture, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the TSX Venture, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

Stock Options

As of June 30, 2015, the Company had not approved a stock option plan and had no issued or outstanding stock options.

(in Canadian Dollars)

4. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates (26.5%) to the Company's effective income tax expense is as follows:

	For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Net loss for the period	$ (65,693)
Expected income tax recovery	17,409
Tax rate changes and other adjustments	(17,409)
Income tax recovery	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following item:

	For the period from November 14, 2014 (date of incorporation) to June 30, 2015
Non-capital loss carry forward	$ 65,693

The non-capital losses can be carried forward twenty years to be applied against future taxable income, with the balance expiring in 2035. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which Company can utilize the benefits therefrom.

5. Financial Instruments

Fair Values

At June 30, 2015, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash held in trust.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

6. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

7. Subsequent Events

Agency Agreement

Pursuant to a letter of intent dated April 9, 2015, the Company engaged Hampton Securities Inc. as its exclusive agent, on a commercially reasonable efforts basis, in the Company's initial public offering of a minimum of 2,000,000 common shares and a maximum of 4,000,000 common shares of the Company at a $0.20 per share under the prospectus filed with the Ontario Securities Commission on June 10, 2015 (the "Offering"). On August 12, 2015, the Company completed the Offering via the issuance of 3,289,300 common shares (the “Common Shares”) at a price of $0.20 per Common Share for gross proceeds of $657,860. Following the closing of the Offering there were 4,289,300 Common Shares issued and outstanding, of which 1,000,000 Common Shares are held in escrow. The proceeds of the Offering will be used by the Company to fund its search for a Qualifying Transaction within 24 months of the offering. In consideration of services to be performed by its agent, the Company has agreed to a cash commission of 10% of the gross proceeds of the Offering and reimburse the agent for necessary and reasonable expenses. In addition, the agent was granted Agent's warrants allowing it to purchase such number of common shares as is equal to 10% of the common shares issued on the Offering, at an exercise price of $0.20 per common share, exercisable for a period of twenty-four months from the date of listing of the common shares on the TSX Venture (the “Exchange”). In addition, the agent was paid in August a non-refundable fee (the “Work Fee”) of $10,000, plus HST, for a total of $11,300.

Stock Options

Upon completion of the Offering the Company established a stock option plan for its officers and directors under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

The Company granted incentive stock options to directors and officers of the Company to purchase a number of common shares equal to 10% of the number of common shares issued and outstanding upon completion of the Offering. The options were granted at a price of $0.20 per common share, exercisable for ten years from the date of grant, subject to regulatory approval.

Potential Qualifying Transaction

On September 14, 2015 the Company entered into a letter of intent with Zonetail Inc. (“Zonetail”) to complete a business combination (the “Qualifying Transaction”) whereby the Qualifying Transaction will be completed by way of either a securities exchange or amalgamation of Zonetial with a new special purpose subsidiary of Revelstoke whereupon the shareholders of Zonetail will receive a number of common shares of Revelstoke (“Revelstoke Shares”) for each Zonetail Share based on an exchange ratio to be determined in accordance with the relative valuations of Zonetail Shares and Revelstoke Shares.

In conjunction with, and prior to the closing of the Qualifying Transaction, Zonetail intends to complete an equity financing through a private placement of subscription receipts for minimum gross proceeds of $2,000,000. The net proceeds of the Private Placement will be used for working capital and general corporate purposes.

<u>EXHIBIT “B”</u>

See attached.

Revelstoke Equity Inc.
Management Discussion and Analysis
For the Year Ended June 30, 2018 and 2017

October 5, 2018

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Revelstoke Equity Inc. (the "Company" or "Revelstoke") prepared as of June 30, 2018 should be read in conjunction with the Company's audited financial statements for the period ended June 30, 2018. All figures contained in this MD&A are presented in Canadian dollars.

The Company

The Company was incorporated under the Ontario Business Corporation Act on November 14, 2014, and, subsequent to the completion of its initial public offering on August 12, 2015, is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the TSX Venture Exchange (the "Exchange"). The Company is required to complete its QT on or before two years from the date the Company received regulatory approval.

Recent Developments

Initial Public Offering

On August 12, 2015, the Company completed its initial public offering (the "IPO") via the issuance of 3,289,300 Common Shares at a purchase price of $0.20 per Common Share for gross proceeds of $657,860. Immediately following closing of the IPO, there were 4,289,300 Common Shares issued and outstanding, of which 1,000,000 Common Shares are held in escrow in accordance with the CPC Policy.

Zonetail Qualifying Transaction (2015)

On September 14, 2015, the Company entered into a letter of intent (the "2015 Zonetail LOI") with Zonetail Inc. ("Zonetail") to complete a business combination meant to constitute the QT of the Company. The 2015 Zonetail LOI automatically terminated pursuant to its terms on November 30, 2015.

Jet Power & Controls Ltd. Qualifying Transaction (2017)

On January 3, 2017, the Company entered into a binding letter of intent, as amended on February 28, 2017 and as further amended on May 23, 2017, (the "Jet Power LOI") with Jet Power & Controls Ltd. ("Jet Power") to complete a business combination that would have resulted in the Company acquiring all of the issued and outstanding securities of Jet Power (the "Jet Power QT"). The Jet Power LOI contained a condition that the Jet Power QT be completed by August 15, 2017, which was extended by mutual agreement of the parties.

The final structure of the Jet Power QT was subject to receipt of tax, corporate and securities law advice for both the Company and Jet Power. Pursuant to the Jet Power LOI, the Company would have issued approximately 43,000,000 Common Shares as consideration for the common shares of Jet Power (the "Jet Power Shares") not issued under the Offering (as defined below). The Company would have also issued Common Shares, warrants of the Company (the "Warrants") and compensation options ("Compensation Options") as consideration for the securities of Jet Power issued under the Offering, as described in further detail below.

On May 8, 2017, Jet Power completed a pre-condition to closing of the Jet Power QT by closing its brokered private placement of units of Jet Power (the "Jet Power Units") for gross proceeds of $1,501,000 (the "Offering"). The Offering was conducted with Mackie Research Capital Corporation and Hampton Securities Limited acting as agents (the "Agent's"). An aggregate of 5,003,334 Jet Power Units were issued at a purchase price of $0.30 per Jet Power Unit, with each Jet Power Unit consisting of one Jet Power Share and ½ of one warrant of Jet Power ("Jet Power Warrants") for a total issuance of 5,003,334 Jet Power Shares and 2,501,667 Jet Power Warrants. Each whole Jet Power Warrant entitles the holder thereof to purchase one additional Jet Power Share at an exercise price of $0.50 per Jet Power Share for a period of 24 months from the date of issuance. As compensation for their services under the Offering, Jet Power paid a $30,630 cash commission and issued 263,328 nontransferable compensation options (the "Jet Power Compensation Options") to the Agents. Each Compensation Option is exercisable for one Jet Power Unit at an exercise price of $0.30 per Jet Power Unit.

On June 22, 2017, the Company held its annual general and special meeting of shareholders (the "2017 Annual Meeting"). At the 2017 Annual Meeting, the shareholders of the Company elected the directors for the ensuing year and approved, among other things, a proposed name change of the Company to be implemented in connection with the Jet Power QT and certain amendments to the by-laws of the Company to permit the Company to hold shareholder meetings at the registered office of the Company, at some other place in Ontario or at some place outside Ontario, without shareholder approval, and to permit electronic direct registration of the securities of the Company.

On September 21, 2017, Jet Power completed a private placement of unsecured convertible debentures (the "Jet Power Debentures") for aggregate gross proceeds of $500,000. The principal amount outstanding in respect of each of the Jet Power Debentures shall convert automatically, without any further notice or other steps or proceedings being taken by Jet Power, immediately prior to the completion of the Jet Power QT, into one Jet Power Unit for each $0.30 of the principal amount outstanding under the Jet Power Debenture. The holders of each Jet Power Debenture also have the option to convert the principal amount outstanding in respect of the Jet Power Debenture, in whole or in part, into one Jet Power Unit for each $0.30 of the principal amount, such option being exercisable until the business day prior to September 21, 2018.

Upon closing of the Jet Power QT, it was anticipated that all of the Jet Power Shares, Jet Power Warrants, and Jet Power Compensation Options issued in the Offering would be exchanged for Common Shares, Warrants and Compensation Options of the Company on a one for one basis and all on substantially the same terms and conditions.

On January 8, 2018 the Company announced that after due efforts by both the Company and Jet Power, the Company and Jet Power will not proceed with the Jet Power QT and as a result the Jet Power LOI has been terminated.

Transfer to the NEX

On November 24, 2017, the Company held a special meeting of shareholders (the "Special Meeting") as the Company did not complete a QT prior to January 5, 2018. At the Special Meeting, and pursuant to the CPC Policy, the Company received shareholder approval to (i) transfer the Company to the NEX, (ii) cancel 500,000 Seed Shares, as defined under the CPC Policy, purchased by non-arms' length parties to the Company at a discount to the Company's initial public offering such that the average cost of the remaining Seed Shares is at least equal to $0.20 (or such other number of Seed Shares as may be defined by the Exchange), and (iii) applied for a reinstatement to trading on the NEX where its symbol would be changed from REQ.P to REQ.H and the Exchange has accepted the application.

Zonetail Qualifying Transaction (2018)

On January 29, 2018, the Company entered into a letter of intent (the "2018 Zonetail LOI") with Zonetail to complete a business combination meant to constitute the QT of the Company (the "Zonetail QT"). Upon completion of the Zonetail QT it is expected that the Company will meet the initial listing requirements for a Tier 2 Technology issuer under Exchange policies.

The final structure of the Zonetail QT is subject to receipt of tax, corporate and securities law advice for both the Company and Zonetail and certain condition precedents to closing, including, a condition that Zonetail must complete a brokered private placement to raise, at least, the minimum amount of gross proceeds required for the Company to meet the initial listing requirements of the Exchange.

On July 13, 2018 Zonetail closed a brokered private placement of 11,130,092 subscription receipts for gross proceeds of $2,003,416.56 pursuant to an agency agreement among the Company, Zonetail, Gravitas Securities Inc. ("Gravitas"), acting as co-lead agent with Canaccord Genuity Corp., and with Beacon Securities Limited. The private placement was completed as a pre-condition to the Company's QT pursuant to the proposed business combination between the Company and Zonetail. Each subscription receipt will be automatically exchanged immediately prior to the completion of the QT (without any further action by the holder of such subscription receipt and for no further payment) for common shares of Zonetail ("Zonetail Shares"), each of which shall be exchangeable into one common share of the resulting issuer upon completion of the QT, and, upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). The proceeds from the private placement less $100,000.08 pursuant to a subscription settling directly with Zonetail ("Escrowed Funds") have been deposited in escrow pursuant to a subscription receipt agreement dated July 13, 2018 (the "Subscription Receipt Agreement") between Zonetail, Gravitas and TSX Trust Company, as registrar and transfer agent for the subscription receipts and as escrow agent to receive the Escrowed Funds. If the Escrow Release Conditions are not satisfied, the Escrowed Funds will be returned to the subscribers of the private placement in accordance with the Subscription Receipt Agreement.

On September 24, 2018, the Company held its annual general and special meeting of shareholders (the "2018 Annual Meeting"). At the 2018 Annual Meeting, the shareholders of the Company elected the directors for the ensuing year and approved, among other things, a proposed name change of the Company to be implemented in connection with the Zonetail QT.

The registered and records office of Revelstoke is located at East Tower, Bay Adelaide Centre, 22 Adelaide St W #3400, Toronto, ON M5H 4E3. The head office of the Company is located at 29 Berwick Avenue, Toronto, Ontario M5P 1G9.

On August 28, 2018 the Board of Directors approved the financial statements for the period ended June 30, 2018.

Selected Annual Information

	2018	**2017**	**2016**
Total Revenue	**nil**	**nil**	**nil**
Net loss	**71,703**	**65,510**	**194,637**
Total Assets	**388,682**	**473,612**	**509,536**
Total Non-Current Financial Liabilities	**nil**	**nil**	**nil**
Distributions or cash dividends declared per-share for each class of share	**nil**	**nil**	**nil**

Summary of Quarterly Results **2018**

	Q4	**Q3**	**Q2**	**Q1**

	$	$	$	$
Total Assets	388,682	398,425	413,932	440,561
Total Revenues	nil	nil	nil	nil
Total Expenses	25,731	12,364	13,722	19,886
Net Loss	25,731	12,364	13,722	19,886
Basis and diluted net loss Per share	0.01	0.01	0.01	0.01

Results of Operations

Year ended June 30, 2018

The Company recorded a net loss of $71,703 during the period from July 1, 2017 to June 30, 2018. The net loss for the period ended June 30, 2018 is due mainly to costs in relation to its listing on the Exchange and legal and accounting fees.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Company has no revenue from operations, the following is a breakdown of the material costs incurred in the period for the year ended June 30, 2018, compared to the period ended June 30, 2017:

Material Costs	Year ended June 30, 2018	Year ended June 30, 2017
Professional fees	$53,687	$47,016
Filing fees	$18,016	$18,470

Liquidity and Capital Resources
As of June 30, 2018, the Company had cash of $388,682. The Company had current liabilities of $16,653 and working capital of $372,029.

Outstanding Share Data
As of the date of this MD&A, 3,789,300 common shares issued and outstanding, of which 500,000 common shares were being held in escrow.

On August 12, 2015, the Company completed its Initial Public Offering ("IPO") and issued 3,289,300 common shares at $0.20 per common share for gross proceeds of $657,860. The Company granted Hampton Securities Limited, its agent for the IPO (the "Agent"), Agent's warrants to acquire 328,930 common shares of the Company at a price of $0.20 per share exercisable for a period of 24 months from the date of the Company's common shares are listed on the Exchange. The Company also paid the Agent $88,386 in cash issuance costs related to the IPO.

The Company's common shares commenced trading on the Exchange under the trading symbol "REQ.P" on August 18, 2015. On January 9, 2018, as the result of the failure to complete a qualifying transaction pursuant to the CPC Policy, the Company moved its listing the NEX, changed its symbol to "REQ.H" and cancelled 500,000 Seed Shares, as defined under the CPC Policy, of the 3,289,300 shares issued in the IPO

Off-Balance Sheet Arrangements
The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions
There were no transactions with related parties and no remuneration was paid to key management personnel during the year ended June 30, 2018 other than the issuance of stock options which has been disclosed in note 4 to the audited financial statements.

Capital Management
The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Company's financial instruments consists of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 2 of the audited financial statements.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

• IFRS 9 – Financial Instruments

The Company does not expect a significant impact to the Company's financial statements on adoption of IFRS 9. There are additional new standards that have not been discussed as they are not expected to impact the Company.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Additional Information

For further detail, see the Company's audited financial statements for the year ended June 30, 2018. Additional information about the Company can also be found on SEDAR.

Revelstoke Equity Inc.
Management Discussion and Analysis
For the Year Ended June 30, 2017 and 2016

October 27, 2017

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Revelstoke Equity Inc. (the "Company" or "Revelstoke") prepared as of June 30, 2017 should be read in conjunction with the Company's audited financial statements for the period ended June 30, 2017. All figures contained in this MD&A are presented in Canadian dollars.

The Company

The Company was incorporated under the Ontario Business Corporation Act on November 14, 2014, and, subsequent to the completion of its initial public offering on August 12, 2015, is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the TSX Venture Exchange (the "Exchange"). The Company is required to complete its QT on or before two years from the date the Company received regulatory approval.

Recent Developments

On August 12, 2015, the Company completed its initial public offering (the "IPO") via the issuance of 3,289,300 Common Shares at a purchase price of $0.20 per Common Share for gross proceeds of $657,860. Immediately following closing of the IPO, there were 4,289,300 Common Shares issued and outstanding, of which 1,000,000 Common Shares are held in escrow in accordance with Exchange policies.

On September 14, 2015, the Company entered into a letter of intent with Zonetail Inc. ("Zonetail") to complete a business combination meant to constitute the QT of the Company. The letter of intent with Zonetail automatically terminated pursuant to its terms on November 30, 2015.

On January 3, 2017, the Company entered into a binding letter of intent (the “LOI”) with Jet Power & Controls Ltd. (“Jet Power”) to complete a business combination that will result in the Company acquiring all of the issued and outstanding securities of Jet Power (the “Jet Power QT”). The final structure of the Jet Power QT is subject to receipt of tax, corporate and securities law advice for both the Company and Jet Power. Pursuant to the LOI, the Company will issue approximately 43,000,000 Common Shares as consideration for the common shares of Jet Power (the “Jet Power Shares”) not issued under the Offering (as defined below). The Company will also issue Common Shares, warrants of the Company (the “Warrants”) and compensation options (“Compensation Options”) as consideration for the securities of Jet Power issued under the Offering, as described in further detail below.

On May 8, 2017, Jet Power completed a pre-condition to closing of the Jet Power QT by closing its brokered private placement of units of Jet Power (the “Jet Power Units”) for gross proceeds of $1,501,000 (the “Offering”). The Offering was conducted with Mackie Research Capital Corporation and Hampton Securities Limited acting as agents (the “Agent’s”). An aggregate of 5,003,334 Jet Power Units were issued at a purchase price of $0.30 per Jet Power Unit, with each Jet Power Unit consisting of one Jet Power Share and ½ of one warrant of Jet Power (“Jet Power Warrants”) for a total issuance of 5,003,334 Jet Power Shares and 2,501,667 Jet Power Warrants. Each whole Jet Power Warrant entitles the holder thereof to purchase one additional Jet Power Share at an exercise price of $0.50 per Jet Power Share for a period of 24 months from the date of issuance. As compensation for their services under the Offering, Jet Power paid a $30,630 cash commission and issued 263,328 nontransferable compensation options (the “Jet Power Compensation Options”) to the Agents. Each Compensation Option is exercisable for one Jet Power Unit at an exercise price of $0.30 per Jet Power Unit.

On September 21, 2017, Jet Power completed a private placement of unsecured convertible debentures (the “Jet Power Debentures”) for aggregate gross proceeds of $500,000. The principal amount outstanding in respect of each of the Jet Power Debentures shall convert automatically, without any further notice or other steps or proceedings being taken by Jet Power, immediately prior to the completion of the Jet Power QT, into one Jet Power Unit for each $0.30 of the principal amount outstanding under the Jet Power Debenture. The holders of each Jet Power Debenture also have the option to convert the principal amount outstanding in respect of the Jet Power Debenture, in whole or in part, into one Jet Power Unit for each $0.30 of the principal amount, such option being exercisable until the business day prior to September 21, 2018.

Upon closing of the Jet Power QT, all of the Jet Power Shares, Jet Power Warrants, and Jet Power Compensation Options issued in the Offering will be exchanged for Common Shares, Warrants and Compensation Options of the Company on a one for one basis and all on substantially the same terms and conditions.

The registered and records office of Revelstoke is located at East Tower, Bay Adelaide Centre, 22 Adelaide St W #3400, Toronto, ON M5H 4E3. The head office of the Company is located at 29 Berwick Avenue, Toronto, Ontario M5P 1G9.

On October 27, 2017 the Board of Directors approved the financial statements for the period ended June 30, 2017.

Selected Annual Information

	2017	2016	2015
Total Revenue	**nil**	**nil**	**nil**
Net loss	**65,510**	**194,637**	**65,693**
Total Assets	**473,612**	**509,536**	**66,300**
Total Non-Current Financial Liabilities	**nil**	**nil**	**nil**
Distributions or cash dividends declared per-share for each class of share	**nil**	**nil**	**nil**

Summary of Quarterly Results

	2017			
	Q4	**Q3**	**Q2**	**Q1**
	$	$	$	$
Total Assets	473,612	484,538	494,099	508,655
Total Revenues	nil	nil	nil	nil
Total Expenses	39,018	9,121	16,491	881
Net Loss	39,018	9,121	16,491	881
Basis and diluted net loss Per share	0.01	0.01	0.01	0.01

Results of Operations

Year ended June 30, 2017

The Company recorded a net loss of $65,510 during the period from July 1, 2016 to June 30, 2017. The net loss for the period ended June 30, 2017 is due mainly to costs in relation to its listing on the Exchange and legal and accounting fees.

Additional Disclosure for Venture Issuers without Significant Revenue
Since the Company has no revenue from operations, the following is a breakdown of the material costs incurred in the period for the year ended June 30, 2017, compared to the period ended June 30, 2016:

Material Costs	Year ended June 30, 2017	Year ended June 30, 2016
Share-based compensation	$nil	$100,098

Professional fees	$47,016	$73,619
Filing fees	$18,470	$20,034

Liquidity and Capital Resources
As of June 30, 2017, the Company had cash of $473,612. The Company had current liabilities of $29,880 and working capital of $443,732.

Outstanding Share Data
As of the date of this MD&A, 4,289,300 common shares issued and outstanding, of which 1,000,000 common shares were being held in escrow.

On August 12, 2015, the Company completed its Initial Public Offering ("IPO") and issued 3,289,300 common shares at $0.20 per common share for gross proceeds of $657,860. The Company granted Hampton Securities Limited, its agent for the IPO (the "Agent"), Agent's warrants to acquire 328,930 common shares of the Company at a price of $0.20 per share exercisable for a period of 24 months from the date of the Company's common shares are listed on the Exchange. The Company also paid the Agent $88,386 in cash issuance costs related to the IPO.

The Company's common shares commenced trading on the Exchange under the trading symbol "REQ.P" on August 18, 2015.

Off-Balance Sheet Arrangements
The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions
There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended June 30, 2017 other than the issuance of stock options which has been disclosed in note 3 to the audited financial statements.

Capital Management
The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Company's financial instruments consists of cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the relatively short-term maturity of this instrument. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 2 of the audited financial statements.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

• IFRS 9 – Financial Instruments

The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects that such impact will not be material. There are additional new standards that have not been discussed as they are not expected to impact the Company.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Additional Information

For further detail, see the Company’s audited financial statements for the year ended June 30, 2017. Additional information about the Company can also be found on SEDAR.

Revelstoke Equity Inc.
Management Discussion and Analysis
For the Year Ended June 30, 2016 and 2015

October 20, 2016

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Revelstoke Equity Inc. (the "Company" or "Revelstoke") prepared as of June 30, 2016 should be read in conjunction with the Company's audited financial statements for the period ended June 30, 2016. All figures contained in this MD&A are presented in Canadian dollars.

The Company

The Company was incorporated under the Ontario Business Corporation Act on November 14, 2014, and, subsequent to the completion of its initial public offering on August 12, 2015, is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the TSX Venture Exchange (the "Exchange"). The Company is required to complete its QT on or before two years from the date the Company received regulatory approval.

Recent Developments

On August 12, 2015 the Company completed its initial public offering (the "Offering") via the issuance of 3,289,300 common shares (the "Common Shares") at a purchase price of $0.20 per Common Share for gross proceeds of $657,860. Immediately following closing of the Offering, there were 4,289,300 Common Shares issued and outstanding, of which 1,000,000 Common Shares were being held in escrow.

On September 14, 2015, the Company entered into a letter of intent with Zonetail Inc. ("Zonetail") to complete a business combination which shall constitute the QT of the Company. The QT will be completed by way of either a securities exchange or a three-cornered amalgamation of Zonetail with a subsidiary of the Company to be incorporated for the sole purpose of completing the QT. Upon closing of the QT, the shareholders of Zonetail will receive a number of common shares of the Company (the "Revelstoke Shares") in exchange for each Zonetail share issued and outstanding (the "Zonetail Shares") based on an exchange ratio to be determined in accordance with the relative valuations of Zonetail Shares and Revelstoke shares.

In conjunction with, and prior to the closing of the QT, Zonetail intends to complete an equity financing through a private placement of subscription receipts for minimum gross proceeds of $2,000,000 (the "Private Placement"). The net proceeds of the Private Placement will be used for working capital and general corporate purposes. For purposes of calculating the share exchange ratio, each Zonetail Share will be valued at the issuance price under the Private Placement and each Revelstoke Share will be valued at C$0.20. It is not contemplated that the Company will pay any cash or other non-share consideration for Zonetail under the terms of the QT.

The head office and the registered head office of the Company is located at 29 Berwick Avenue, Toronto, Ontario, M5P 1G9.

On October 21, 2016 the Board of Directors approved the financial statements for the period ended June 30, 2016.

Summary of Quarterly Results

	2016			
	Q4	**Q3**	**Q2**	**Q1**
	$	$	$	$
Total Assets	509,536	512,909	520,381	579,905
Total Revenues	nil	nil	nil	nil
Total Expenses	103,521	7,422	59,524	24,170
Net Loss	103,521	7,422	59,524	24,170
Basis and diluted net loss Per share	0.02	0.01	0.01	0.01

Results of Operations

Year ended June 30, 2016

The Company recorded a net loss of $194,637 during the period from July 1, 2015 to June 30, 2016. The net loss for the period ended June 30, 2016 is due mainly to costs in relation to its listing on the Exchange and stock-based compensation related to the issuance of stock options to directors and officers of the Company.

Additional Disclosure for Venture Issuers without Significant Revenue
Since the Company has no revenue from operations, the following is a breakdown of the material costs incurred in the period for the year ended June 30, 2016, compared to the preiod ended June 30, 2015:

Material Costs	Year ended June 30, 2016	Year ended June 30, 2015
Share-based compensation	$100,098	$nil
Professional fees	$73,619	$51,794
Filing fees	$20,034	$13,838

Liquidity and Capital Resources
As of June 30, 2016, the Company had cash of $509,536. The Company had current liabilities of $294 and working capital of $509,242.

Positive cash flows of $443,236 were recorded from operating activities for the year from July 1, 2015 to June 30, 2016. The increase was due to the IPO.

Net cash generated from financing activities for the period ended June 30, 2016 (derived from the IPO) was $569,474.

Outstanding Share Data
As of the date of this MD&A, 4,289,300 common shares issued and outstanding, of which 1,000,000 common shares were being held in escrow.

On August 12, 2015, the Company completed its Initial Public Offering ("IPO") and issued 3,289,300 common shares at $0.20 per common share for gross proceeds of $657,860. The Company granted Hampton Securities Limited, its agent for the IPO (the "Agent"), Agent's warrants to acquire 328,930 common shares of the Company at a price of $0.20 per share exercisable for a period of 24 months from the date of the Company's common shares are listed on the Exchange. The Company also paid the Agent $88,386 in cash issuance costs related to the IPO.

The Company's common shares commenced trading on the Exchange under the trading symbol "REQ.P" on August 18, 2015.

Off-Balance Sheet Arrangements
The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended March 31, 2016 other than the issuance of stock options which has been disclosed in note 3 to the audited financial statements.

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash held in trust and due to shareholders approximate fair value due to the relatively short term maturity of the instruments. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Company’s significant accounting policies are summarized in Note 2 of the unaudited condensed interim financial statements.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

• IFRS 9 – Financial Instruments

The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects that such impact will not be material. There are additional new standards that have not been discussed as they are not expected to impact the Company.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Additional Information

For further detail, see the Company's audited financial statements for the year ended June 30, 2016. Additional information about the Company can also be found on SEDAR.

Revelstoke Equity Inc.
Management Discussion and Analysis
For the Period from November 14, 2014 to June 30, 2015

October 27, 2015

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Revelstoke Equity Inc. (the "Company" or "Revelstoke") prepared as of June 30, 2015 should be read in conjunction with the Company's audited financial statements for the period from November 14, 2014 (date of incorporation) to June 30, 2015. All figures contained in this MD&A are presented in Canadian dollars.

The Company

The Company was incorporated under the Ontario Business Corporation Act on November 14, 2014, and, subsequent to the completion of its initial public offering on August 12, 2015, is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the TSX Venture Exchange (the "Exchange"). The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

Recent Developments

On August 12, 2015 the Company completed its initial public offering (the "Offering") via the issuance of 3,289,300 common shares (the "Common Shares") at a purchase price of $0.20 per Common Share for gross proceeds of $657,860. Immediately following closing of the Offering, there were 4,289,300 Common Shares issued and outstanding, of which 1,000,000 Common Shares were being held in escrow.

On September 14, 2015, the Company entered into a letter of intent with Zonetail Inc. ("Zonetail") to complete a business combination which shall constitute the QT of the Company. The QT will be completed by way of either a securities exchange or a three-cornered amalgamation of Zonetail with a subsidiary of the Company to be incorporated for the sole purpose of completing the QT. Upon closing of the QT, the shareholders of Zonetail will receive a number of common shares of the Company (the "Revelstoke Shares") in exchange for each Zonetail share issued and outstanding (the "Zonetail Shares") based on an exchange ratio to be determined in accordance with the relative valuations of Zonetail Shares and Revelstoke shares.

In conjunction with, and prior to the closing of the QT, Zonetail intends to complete an equity financing through a private placement of subscription receipts for minimum gross proceeds of $2,000,000 (the "Private Placement"). The net proceeds of the Private Placement will be used for working capital and general corporate purposes. For purposes of calculating the share exchange ratio, each Zonetail Share will be valued at the issuance price under the Private Placement and each Revelstoke Share will be valued at C$0.20. It is not contemplated that the Company will pay any cash or other non-share consideration for Zonetail under the terms of the QT.

The head office and the registered head office of the Company is located at 29 Berwick Avenue, Toronto, Ontario, M5P 1G9.

On October 27, 2015 the Board of Directors approved the financial statements for the period from November 14, 2014 (date of incorporation) to June 30, 2015.

Summary of Quarterly Results

	Period from November 14, 2014 to June 30, 2015
Total Revenues	nil
Total Expenses	$65,693
Net Loss	$65,693

Results of Operations

Period from November 14, 2014 (date of incorporation) to June 30, 2015

The Company recorded a net loss of $65,693 during the period from November 14, 2014 (date of incorporation) to June 30, 2015. The net loss for the period ended June 30, 2015 is due mainly to costs in relation to its listing on the Exchange and stock-based compensation related to the issuance of stock options to directors and officers of the Company.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Company has no revenue from operations, the following is a breakdown of the material costs incurred in the period from the date of incorporation (November 14, 2014) to June 30, 2015:

Material Costs	**Period from November 14, 2014 (date of incorporation) to June 30, 2015**
Professional fees	$51,794
Filing fees	$13,838
Interest and bank charges	$61

Liquidity and Capital Resources

As of June 30, 2015, the Company had cash of $66,300. The Company had current liabilities of $31,993 and working capital of $34,307.

Negative cash flows of $33,700 were recorded from operating activities for the period from November 14, 2014 (date of incorporation) to June 30, 2015. The decrease was primarily due to the periodic expenses incurred.

Net cash generated from financing activities for the period ended June 30, 2015 (derived from the issuance of seed shares from treasury) was $100,000.

Outstanding Share Data

As of the date of this MD&A, 4,289,300 common shares issued and outstanding, of which 1,000,000 common shares were being held in escrow.

On August 12, 2015, the Company completed its Initial Public Offering (“IPO”) and issued 3,289,300 common shares at $0.20 per common share for gross proceeds of $657,860. The Company granted Hampton Securities Limited, its agent for the IPO (the “Agent”), an option to acquire 328,930 common shares of the Company at a price of $0.20 per share exercisable for a period of 24 months from the date of the Company’s common shares are listed on the Exchange. The Agent also received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee.

The Company’s common shares commenced trading on the Exchange under the trading symbol “REQ.P” on August 18, 2015.

Off-Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended June 30, 2015 other than the issuance of stock options which has been disclosed in note 7 to the audited financial statements.

Capital Management
The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values
The Company's financial instruments, consisting of cash held in trust and due to shareholders approximate fair value due to the relatively short term maturity of the instruments. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates
The Company’s significant accounting policies are summarized in Note 2 to the audited financial statements for the period from November 14, 2014 (date of incorporation) to June 30, 2015.

Future Changes in Accounting Policies
The following standards have been issued but are not yet effective:

• IFRS 9 – Financial Instruments

The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects that such impact will not be material. There are additional new standards that have not been discussed as they are not expected to impact the Company.

Forward-Looking Statements
Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Additional Information

For further detail, see the Company's audited financial statements for the period from November 14, 2014 (date of incorporation) to June 30, 2015. Additional information about the Company can also be found on SEDAR.

EXHIBIT "C"

See attached.

ZONETAIL INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Zonetail Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

		As at June 30, 2018		As at December 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**36,225**	$	75,359
Trade and other receivables (note 3)		**51,858**		14,242
Prepaid expenses and deposits		**11,898**		13,067
Total current assets		**99,981**		102,668
Non-current assets				
Property and equipment (note 4)		**13,546**		17,257
Total assets	**$**	**113,527**	$	119,925
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 10)	**$**	**542,767**	$	457,516
Advances (notes 10 and 12)		**181,650**		197,100
Deferred revenue		**-**		19,393
Convertible debentures (note 5)		**1,021,316**		699,021
Derivative liability (notes 5 and 8)		**519,894**		540,752
Subscription receipts payable (note 12)		**100,000**		-
Total liabilities		**2,365,627**		1,913,782
Equity				
Share capital (note 6)		**3,221,335**		2,953,504
Warrants (note 8)		**100,260**		90,740
Contributed surplus (note 7)		**198,128**		198,128
Deficit		**(5,771,823)**		(5,036,229)
Total equity		**(2,252,100)**		(1,793,857)
Total equity and liabilities	**$**	**113,527**	$	119,925

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent events (note 12)

Approved on behalf of the Board:

"Mark Holmes", Director

"Adam Topp", Director

Zonetail Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenue	**$ 21,120**	$ 11,218	**$ 26,869**	$ 28,436
Commission Expense	**(2,575)**	(1,046)	**(2,600)**	(1,179)
Gross Margin	**18,545**	10,172	**24,269**	27,257
Operating expenses				
Salaries (note 10)	**$ 83,597**	$ 73,664	**$ 138,043**	$ 147,110
Professional fees (note 10)	**219,064**	9,991	**334,634**	13,898
Software development expense	**2,360**	510	**5,238**	28,594
Web hosting and maintenance	**4,763**	14,260	**10,824**	29,933
General and administrative	**12,673**	867	**25,071**	(15,749)
Rent	**15,945**	15,096	**31,379**	29,596
Advertising and promotions	**1,749**	41	**3,330**	394
Travel	**8,100**	7,622	**14,749**	7,708
Depreciation (note 4)	**1,088**	2,427	**3,711**	6,308
Interest and accretion (note 5)	**193,783**	90,535	**310,711**	166,913
	543,122	215,013	**877,690**	414,705
Other income				
Change in derivative liability (notes 5 and 8)	**(83,523)**	(10,686)	**(117,827)**	(27,526)
Net loss and comprehensive loss for the period	**$ 441,054**	$ 194,155	**$ 735,594**	$ 359,922
Basic and diluted net loss per share (note 9)	**$ 0.01**	$ 0.01	**$ 0.02**	$ 0.01
Weighted average number of common shares outstanding	**38,049,341**	35,441,657	**37,664,029**	35,352,135

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Zonetail Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating activities		
Net loss for the period	**$ (735,594)**	$ (359,922)
Adjustments for:		
Depreciation	**3,711**	6,308
Foreign exchange	**11,601**	(5,068)
Shares for services	**20,000**	-
Change in derivative liability	**(117,827)**	(27,526)
Interest and accretion	**310,694**	166,913
Warrants issued for services	**9,520**	-
Changes in non-cash working capital items:		
Trade and other receivables	**(37,616)**	(9,752)
Prepaid expenses and deposits	**1,169**	1,991
Accounts payable and accrued liabilities	**98,051**	(4,583)
Deferred revenue	**(19,393)**	(13,151)
Net cash used in operating activities	**(455,684)**	(244,790)
Financing activities		
Proceeds from convertible debentures	**-**	70,000
Proceeds from private placements, net of costs	**332,000**	65,000
Advances received	**-**	76,000
Advances repaid	**(15,450)**	-
Proceeds from subscription receipts	**100,000**	-
Net cash provided by financing activities	**416,550**	211,000
Net change in cash and cash equivalents	**(39,134)**	(33,790)
Cash and cash equivalents, beginning of period	**75,359**	33,790
Cash and cash equivalents, end of period	**$ 36,225**	$ -

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Zonetail Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Unaudited

	Share capital Number	Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	**35,105,174**	**$ 2,694,980**	**$ 65,200**	**$ 198,128**	**$ (4,308,667)**	**$ (1,350,359)**
Private placements	260,000	65,000	-	-	-	65,000
Shares issued for accounts payable	120,000	30,000	-	-	-	30,000
Net loss for the period	-	-	-	-	(359,922)	(359,922)
Balance, June 30, 2017	**35,485,174**	**$ 2,789,980**	**$ 65,200**	**$ 198,128**	**$ (4,668,589)**	**$ (1,615,281)**
Balance, December 31, 2017	**36,485,174**	**$ 2,953,504**	**$ 90,740**	**$ 198,128**	**$ (5,036,229)**	**$ (1,793,857)**
Private placements	1,451,200	362,800	-	-	-	362,800
Share issuance costs	-	(18,000)	-	-	-	(18,000)
Valuation of warrants	-	(96,969)	-	-	-	(96,969)
Warrants issued for services	-	-	9,520	-	-	9,520
Penalty shares issued	80,000	-	-	-	-	-
Shares for services	100,000	20,000	-	-	-	20,000
Net loss for the period	-	-	-	-	(735,594)	(735,594)
Balance, June 30, 2018	**38,116,374**	**$ 3,221,335**	**$ 100,260**	**$ 198,128**	**$ (5,771,823)**	**$ (2,252,100)**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

Zonetail Inc. ("Zonetail" or the "Company") was incorporated on March 14, 2013 under the Canada Business Corporations Act. The corporate office is located at 20 Dalhousie St, Toronto, Ontario, Canada.

Zonetail provides a white-labelled mobile platform, built to brand standards, that allows hotels to offer all information in the hotel compendium and website directly on the guest's mobile device. The platform can be applied to anywhere people live, stay, work or congregate such as condos, office towers, universities and entertainment venues.

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has accumulated a deficit amounting to $5,771,823 as at June 30, 2018 (December 31, 2017 - $5,036,229). The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company had a net loss and comprehensive loss for the six months ended June 30, 2018 of $735,594 and (six months ended June 30, 2017 - $359,922).

As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. These conditions cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations. These adjustments could be material.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of October 26, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2017, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

Financial instruments - Fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). Cash is considered to be level 1 and derivative liability is considered to be level 2 under the fair value hierarchy.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments - Fair value (continued)

The fair value of all financial instruments carried at amortized cost approximates fair value, except for convertible debentures, due to their short-term nature. The fair value of convertible debentures is equal to the principal plus accrued interest.

3. Trade and other receivables

		June 30, 2018		December 31, 2017
Sales tax receivable	**$**	**51,858**	$	14,242
Trade receivable, net of allowance for doubtful accounts		**-**		-
	$	**51,858**	$	14,242

Trade receivable, net of allowance for doubtful accounts:

		June 30, 2018		December 31, 2017
Trade receivable	**$**	**4,966**	$	4,966
Allowance for doubtful accounts		**(4,966)**		(4,966)
	$	**-**	$	-

4. Property and equipment

Cost		Furniture and fixtures		Leasehold improvements		Total
Balance, December 31, 2016	$	24,442	$	14,586	$	39,028
Balance, December 31, 2017		24,442		14,586		39,028
Balance, June 30, 2018	$	24,442	$	14,586	$	39,028

Accumulated Depreciation		Furniture and fixtures		Leasehold improvements		Total
Balance, December 31, 2016	$	6,844	$	6,801	$	13,645
Depreciation for the year		3,520		4,606		8,126
Balance, December 31, 2017	$	10,364	$	11,407	$	21,771
Depreciation for the period		1,408		2,303		3,711
Balance, June 30, 2018	$	11,772	$	13,710	$	25,482

Carrying Value		Furniture and fixtures		Leasehold improvements		Total
Balance, December 31, 2017	$	14,078	$	3,179	$	17,257
Balance, June 30, 2018	$	12,670	$	876	$	13,546

(Expressed in Canadian Dollars)

5. Convertible debentures

	Six Months Ended June 30, 2018	Year Ended December 31, 2017
Opening balance	**$ 699,021**	$ 390,241
Issuance of convertible debentures	**-**	420,000
Interest and accretion	**310,694**	352,386
Derivative liability	**-**	(399,561)
Conversion of convertible debentures	**-**	(50,000)
Foreign exchange	**11,601**	(14,045)
	$ 1,021,316	$ 699,021

(i) During the year ended December 31, 2016, the Company issued a series of convertible debentures totaling $458,695, consisting of total principal of USD $125,000 and $285,000 (the "2016 Debentures").

$85,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant at the lesser of $0.25 and the price of the Company's next equity financing unit price. Each warrant is exercisable at $0.25 for 2 years following the date of conversion. During the year ended December 31, 2017, $50,000 of these convertible debentures were converted at $0.25 into common shares and warrants.

$200,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant at the lesser of $0.25 and 80% of the price of the Company's next equity financing unit price. Each share purchase warrant is exercisable at $0.25 for 2 years following the date of conversion.

USD $125,000 of convertible debentures bear interest at 24% per annum and were to mature 6 months from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common at the lesser of $0.25 and the price of the Company's next equity financing unit price. Each share purchase warrant is exercisable at $0.25 for 2 years following the date of conversion.

As a result of the conversion price of the debentures not being fixed, the conversion feature is considered a derivative liability and is revalued at each period end. See note 5 (iii) below.

See note 5 (iv) below for subsequent amendments to terms.

(ii) During the year ended December 31, 2017, the Company issued a series of convertible debentures totaling $420,000 (the "2017 Debentures"). $350,000 of the convertible debentures were issued on the redemption of the Class B preferred shares.

$70,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. $50,000 of the convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and the price of the Company's next equity financing unit price. $20,000 of the convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and 80% of the price of the Company's next equity financing unit price.

5. Convertible debentures (continued)

(ii) (continued) $350,000 of convertible debentures bear interest at 10% per annum and were to mature 1.4 years from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and the price of the Company's next equity financing unit price.

The 1,400,000 warrants were initially assigned a fair value of $196,563 which was determined using the Black-Scholes option pricing model using the following assumptions: share price - $0.25, exercise price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 1.15%; and an expected life - 2.3 years. The value of the warrants were allocated to the derivative liability.

See note 5 (iv) below for subsequent amendments to terms.

(iii) The fair value of the derivative liabilities of the 2016 Debentures and 2017 Debentures at June 30, 2018 was estimated to be $258,243 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.19, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 0.25 years.

(iv) All convertible debenture holders agreed to convert the principal and accrued interest on the Liquidity Event, as defined below, into one common share and one common share purchase warrant exercisable at $0.25 for 1 year from the Liquidity Event at the original conversion terms. As a result, the Company was required to issue 200,000 penalty common shares to a holder (80,000 issued as of June 30, 2018 and 120,000 issued subsequent to June 30, 2018). Subsequent to June 30, 2018, the Company completed an equity financing at $0.18 per unit (see note 12) which the conversion price will be based, unchanged from the original agreements.

Liquidity Event means any one of: (i) completion of a going public transaction whether effected by way of a reverse takeover transaction with an issuer listed on the TSX Venture Exchange (including without limitation the NEX board of the TSX Venture Exchange) or any other recognized stock exchange in Canada or the United States (which may but need not consist of a Qualifying Transaction (as defined in the policies of the TSX Venture Exchange)) whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction; (ii) the listing and posting for trading of the Company's common shares on the Toronto Stock Exchange or any other recognized stock exchange in Canada or the United States; or (iii) the completion of a transaction in which all of the outstanding shares of the Company, or all or substantially all of the assets of the Company, are acquired by a person or entity that is at "arm's length" (as defined in the Income Tax Act (Canada)) to the Company, whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction.

6. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(Expressed in Canadian Dollars)

6. Share capital (continued)

b) Common shares issued

	Number of common shares		Amount
Balance, December 31, 2016	35,105,174	$	2,694,980
Private placements (i)	260,000		65,000
Shares issued for accounts payable (ii)	120,000		30,000
Balance, June 30, 2017	35,485,174	$	2,789,980
Balance, December 31, 2017	36,485,174	$	2,953,504
Private placements (iii)	1,451,200		362,800
Share issuance costs	-		(18,000)
Valuation of warrants (iii)	-		(96,969)
Penalty shares issued (note 5(iv))	80,000		-
Shares for services (iv)	100,000		20,000
Balance, June 30, 2018	38,116,374	$	3,221,335

(i) In January and February 2017, the Company completed non-brokered private placements of a total of 260,000 common shares at $0.25 per share for aggregated gross proceeds of $65,000.

(ii) In May 2017, the Company issued 120,000 common shares to settle accounts payable of $30,000.

(iii) During the six months ended June 30, 2018, the Company completed bridge financing of a total of 1,451,200 units at $0.25 per unit for gross proceeds of $362,800. Each unit consisted of one common share and one common share purchase warrant, exercisable at a 20% discount to the Liquidity Event price and expiring at the Liquidity Event. As a result of the exercise price not being fixed, the warrant is considered to be a derivative liability.

The fair value of the warrants at issuance was estimated to be $96,969 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.16, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 0.38 years.

(iv) In May 2018, the Company issued 100,000 common shares, with a fair value of $20,000, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(v) The issued common shares exclude 98,970 common shares placed in escrow to be released in tranches of 19,794 each year starting November 30, 2018.

(Expressed in Canadian Dollars)

7. Stock options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2016, June 30, 2017, December 31, 2017 and June 30, 2018	1,144,000	$ 0.20

The following table reflects the actual stock options issued and outstanding as of June 30, 2018:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
2 years from the Liquidity Event (1)	0.25	2.2	604,000	604,000
February 16, 2021	0.15	2.6	540,000	540,000
		2.4	1,144,000	1,144,000

(1) Subsequent to June 30, 2018, 100,000 stock options were cancelled.

8. Warrants

	Number of warrants	Amount
Balance, December 31, 2016	451,000	$ 65,200
Issued (note 5(ii))	1,400,000	196,563
Balance, June 30, 2017	1,851,000	$ 261,763
Balance, December 31, 2017	3,067,000	$ 357,445
Issued (i), (note 6 (iii))	1,551,200	106,489
Balance, June 30, 2018	4,618,200	$ 463,934

(i) In March 2018, the Company issued 100,000 warrants to a consultant for services expiring 2 years from grant. The fair value of the warrants was estimated to be $9,520 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.93%; and an expected life - 2 years.

(ii) The fair value of the derivative liabilities of the warrants at June 30, 2018 was estimated to be $261,651 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.16, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 1.15%; and an expected life - 0.75 years.

(Expressed in Canadian Dollars)

8. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of June 30, 2018:

Expiry date	Exercise price ($)	Number of warrants outstanding	Grant date fair value ($)
Liquidity Event	0.20 (1)	2,251,200	167,111
December 15, 2018	0.25	100,000	6,379
1 year from the Liquidity Event	0.25 (2)	1,400,000	196,563
1 year from the Liquidity Event	0.25	312,000	25,444
November 29,2019	0.25	16,000	1,511
December 15, 2019	0.25	100,000	9,445
March 1, 2020	0.25	100,000	9,520
2 years from the Liquidity Event	0.25	339,000	47,961
	0.23	4,618,200	463,934

(1) Considered a derivative liabilitiy as exercisable at a 20% discount to the Liquidity Event price. See note 12.
(2) Considered a derivative liabilitiy as exercisable at lesser of $0.25 and the price of the Company's next equity financing unit price.

9. Loss per share

For the three and six months ended June 30, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $441,054 and $735,594, respectively (three and six months ended June 30, 2017 - $194,155 and $359,922, respectively) and the weighted average number of common shares outstanding of 38,049,341 and 37,664,029, respectively (three and six months ended June 30, 2017 - 35,441,657 and 35,352,135, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

10. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended June 30, 2018 $	Three Months Ended June 30, 2017 $	Six Months Ended June 30, 2018 $	Six Months Ended June 30, 2017 $
Salaries and benefits	**26,250**	26,250	**52,500**	52,500

(i) As at June 30, 2018, included in accounts payable and accrued liabilities is $31,000 (December 31, 2017 - $26,250) payable for salaries and benefits to key management personnel.

(ii) As at June 30, 2018, the Company had advances from the Chief Executive Officer of $181,650 (December 31, 2017 - $197,100). This amount was unsecured, non-interest bearing and due on demand. See note 12(xi) for subsequent conversion of $135,650 of the balance to common shares.

10. Related party transactions (continued)

(iii) The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and six months ended June 30, 2018, the Company paid or accrued professional fees of $16,161 and $17,288 (three and six months ended June 30, 2017 - $nil) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping services to the Company. As at June 30, 2018, MSSI was owed $24,756 (December 31, 2017 - $nil) with respect to services provided.

11. Proposed transaction

During the period ended June 30, 2018, the Company entered into a letter of intent with Revelstoke Equity Inc. ("Revelstoke") in respect of a proposed transaction pursuant to which Revelstoke and Zonetail are expected to combine their business operations (the “Transaction”). Upon completion of the Transaction, the combined entity (the “Resulting Issuer”) will continue to carry on the business of Zonetail. It is expected that upon completion of the Transaction, the Resulting Issuer will meet the Initial Listing Requirements for a Tier 2 Technology issuer under the policies of the TSX Venture Exchange (the “Exchange”).

Revelstoke is a “capital pool company” under the policies of the Exchange and it is intended that the Transaction will constitute the “Qualifying Transaction” of Revelstoke, as such term is defined in Exchange Policy 2.4 – Capital Pool Companies. Revelstoke is currently listed on the NEX board of the Exchange and is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

It is currently anticipated that the Transaction will occur as a three-cornered amalgamation between Zonetail, Revelstoke and a to be incorporated wholly-owned subsidiary of Revelstoke (“Subco”), the final structure of the Transaction being subject to receipt of tax, corporate and securities law advice for both Revelstoke and Zonetail. It is expected that the structure of the Transaction will be finalized in a definitive agreement (the “Definitive Agreement”) entered into between the parties.

The Transaction is subject to regulatory approval, including the approval of the Exchange, and the satisfaction of customary closing conditions, including the approval of the Definitive Agreement and the Transaction by the board directors of each of Revelstoke and Zonetail and completion of due diligence investigations to the satisfaction of each of Revelstoke and Zonetail. The Transaction will be carried out by parties dealing at arm’s length to one another and therefore will not be considered to be a “Non-Arm’s Length Qualifying Transaction”, as such term is defined under the policies of the Exchange.

12. Subsequent events

(i) Subsequent to June 30, 2018, the Company closed a brokered private placement of 11,130,092 subscription receipts of Zonetail (“Subscription Receipts”) at a price of $0.18 per Subscription Receipt (the “Private Placement Price”) for gross proceeds of $2,003,417 pursuant to an Agency Agreement dated July 13, 2018 (the “Agency Agreement”) among Revelstoke, Zonetail, Gravitas Securities Inc. (“Gravitas”), acting as co-lead agent with Canaccord Genuity Corp. for the private placement, and with Beacon Securities Limited (collectively, the “Agents”). The private placement was completed as a condition of Revelstoke's Qualifying Transaction and the Transaction described above.

In connection with the private placement, the Agents are entitled to a cash commission of $131,373. 25% of the Commission was paid to the Agents at closing of the Private Placement and the remaining 75% shall be paid to the Agents by the Subscription Receipt Agent from the funds held in escrow on the date that the Escrow Release Conditions set out in the Subscription Receipt Agreement are satisfied, as described below.

12. Subsequent events (continued)

(i) (continued) The Agents were also granted 774,296 warrants ("Agents' Warrants") to acquire that number of Zonetail common shares (40,000 subsequently cancelled). Each Agents' Warrant will be exercisable at the Private Placement Price per Zonetail Share (or if exercised after closing of the Transaction, per Resulting Issuer Share), from the Closing Date and for a period of 24 months from the Escrow Release Date. In consideration of the Agents' services in connection with the coordination and review of the private placement, Zonetail issued to the Agents 222,602 Zonetail common shares which is equal to 2% of the aggregate number of Subscription Receipts. In addition to the foregoing compensation, Zonetail will also pay to the Agents a fee equal to $8,000 plus applicable tax; and reimburse expenses of $84,500.

Each Subscription Receipt will be automatically exchanged immediately prior to the completion of the Transaction (without any further action by the holder of such Subscription Receipt and for no further payment) for common shares of Zonetail ("Zonetail Shares"), each of which shall be exchangeable into one common share of the Resulting Issuer, upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). The proceeds from the private placement less $100,000.08 pursuant to a subscription settling directly with Zonetail ("Escrowed Funds") have been deposited in escrow pursuant to a subscription receipt agreement dated July 13, 2018 (the "Subscription Receipt Agreement") between Zonetail, Gravitas and TSX Trust Company, as registrar and transfer agent for the Subscription Receipts and as escrow agent to receive the Escrowed Funds. If the Escrow Release Conditions are not satisfied, the Escrowed Funds will be returned to the subscribers of the private placement in accordance with the Subscription Receipt Agreement. The proceeds from the private placement, once released from escrow, will be used for the initial development of Zonetail's blockchain application technology, sales and marketing efforts, and general working capital and corporate purposes.

(ii) Subsequent to June 30, 2018, the Company entered into an unsecured promissory note of $325,000, bearing interest at 8% to be settled with 144,444 common shares, and maturing at the Liquidity Event. The Company also issued 1,805,555 warrants exercisable at $0.18 until August 20, 2019.

(iii) Subsequent to June 30, 2018, the Company issued 2,500 common shares, with a fair value of $500, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(iv) Subsequent to June 30, 2018, the Company issued 120,000 penalty common shares to a convertible debenture holder (see note 5(iv)).

(viii) Subsequent to June 30, 2018, the Company issued unsecured, non-interest bearing promissory notes totalling $119,494 for outstanding trade payables. $46,562 of the promissory notes may be converted into units of the Company, each such unit having an assigned value of $0.18 and comprised of one common share and one warrant to purchase one a common share. Each warrant is exercisable at the lesser of (i) $0.18 per common share; and (ii) 80% of the price per common share under the private placement equity financing by the Debtor which closed on July 13, 2018; and shall expire 12 months following the Liquidity Event.

(ix) Subsequent to June 30, 2018, the Company issued 38,889 penalty common shares to a former convertible debenture holder.

(x) Subsequent to June 30, 2018, the Company issued 750,000 common shares as remuneration under employment agreements.

(xi) Subsequent to June 30, 2018, the Company issued 753,611 common shares on the conversion of $135,650 of advances from the Chief Executive Officer.

12. Subsequent events (continued)

(xii) Subsequent to June 30, 2018, the Company received subscription agreements for an additional 833,356 common shares for aggregate gross proceeds of $150,004 at $0.18 per common share. As part of the closing of the subscription agreements, the Company will be required to pay finders fees' of $2,500 and issue 13,888 finders' warrants exercisable at $0.25 for 6 months from closing.

Zonetail

ZONETAIL INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

MNP SENCRL srl / LLP

Independent Auditors' Report

To the Shareholders of Zonetail Inc.:

We have audited the accompanying consolidated financial statements of Zonetail Inc., and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Zonetail Inc., and its subsidiaries, as at December 31, 2017 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the consolidated financial statements which states that the Company has a loss in the year of $727,562 and an accumulated deficit to date of $5,036,229. These conditions along with other factors disclosed in the note indicate a material uncertainty regarding the Company's ability to continue as a going concern.

Other Matter

Without modifying our opinion, we draw attention to the fact that the comparative figures as at December 31, 2016 are unaudited.

Montréal, Québec

MNP SENCRL, srl [1]

October 26, 2018

[1] CPA auditor, CA, public accountancy permit No. A129650

Zonetail Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2017	As at December 31, 2016 (Unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	**$ 75,359**	$ 33,790
Trade and other receivables (note 5)	**14,242**	8,393
Prepaid expenses and deposits	**13,067**	23,492
Notes receivable (note 9)	**-**	700,000
Total current assets	**102,668**	765,675
Non-current assets		
Property and equipment (note 6)	**17,257**	25,383
Total assets	**$ 119,925**	$ 791,058
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	**$ 457,516**	$ 510,759
Advances (notes 14 and 16)	**197,100**	-
Deferred revenue	**19,393**	37,103
Convertible debentures (note 7)	**699,021**	390,241
Derivative liability (notes 7 and 11)	**540,752**	170,552
Class B preferred shares (note 9)	**-**	1,032,762
Total liabilities	**1,913,782**	2,141,417
Equity		
Share capital (note 8)	**2,953,504**	2,694,980
Warrants (note 11)	**90,740**	65,200
Contributed surplus (note 10)	**198,128**	198,128
Deficit	**(5,036,229)**	(4,308,667)
Total equity	**(1,793,857)**	(1,350,359)
Total equity and liabilities	**$ 119,925**	$ 791,058

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent events (note 16)

Approved on behalf of the Board:

"Mark Holmes", Director

"Adam Topp", Director

Zonetail Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016 (Unaudited)
Revenue	**$ 43,973**	$ 80,892
Commission Expense	**(3,111)**	(19,170)
Gross Margin	**40,862**	61,722
Operating expenses		
Salaries (note 14)	**$ 257,606**	$ 629,559
Professional fees	**148,004**	237,336
Software development expense	**34,532**	179,255
Web hosting and maintenance	**55,420**	64,884
General and administrative	**64,538**	95,889
Rent	**61,357**	53,961
Advertising and promotions	**394**	14,156
Travel	**7,708**	10,529
Depreciation (note 6)	**8,126**	15,720
Interest and accretion (note 7)	**353,112**	137,868
	990,797	1,439,157
Other income (expenses)		
Gain on settlement of accounts payable (note 12)	**(122,869)**	-
Change in derivative liability (notes 7 and 11)	**(99,504)**	(24,712)
Stock based compensation (note 10)	**-**	140,971
Loss on disposal of property and equipment (note 6)	**-**	14,373
Net loss and comprehensive loss for the year	**$ 727,562**	$ 1,508,067
Basic and diluted net loss per share (note 13)	**$ 0.02**	$ 0.04
Weighted average number of common shares outstanding	**35,419,201**	35,102,674

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Zonetail Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016 (Unaudited)
Operating activities		
Net loss for the year	**$ (727,562)**	$ (1,508,067)
Adjustments for:		
Depreciation	**8,126**	15,720
Foreign exchange	**(18,045)**	(1,344)
Non-cash finders fees	**17,239**	-
Shares for services	**-**	500
Gain on settlement of accounts payable and accrued liabilities	**(122,869)**	-
Change in derivative liability	**(99,504)**	(24,712)
Stock based compensation	**-**	140,971
Interest and accretion	**352,386**	128,154
Warrants issued for professional fees	**15,824**	-
Loss on disposal of property and equipment	**-**	14,373
Changes in non-cash working capital items:		
Trade and other receivables	**(5,849)**	127,617
Prepaid expenses and deposits	**10,425**	11,301
Accounts payable and accrued liabilities	**99,626**	245,404
Deferred revenue	**(17,710)**	20,108
Net cash used in operating activities	**(487,913)**	(829,975)
Investing activities		
Disposal of equipment	**-**	3,168
Net cash provided by investing activities	**-**	3,168
Financing activities		
Proceeds from convertible debentures	**70,000**	458,695
Proceeds from private placements, net of costs	**262,382**	-
Issuance of Class B shares	**-**	350,001
Advances received	**197,100**	-
Net cash provided by financing activities	**529,482**	808,696
Net change in cash and cash equivalents	**41,569**	(18,111)
Cash and cash equivalents, beginning of year	**33,790**	51,901
Cash and cash equivalents, end of year	**$ 75,359**	$ 33,790

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Zonetail Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital					
	Number	Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2015 (unaudited)	**35,102,674**	**$ 2,694,480**	**$ 47,961**	**$ 57,157**	**$ (2,800,600)**	**$ (1,002)**
Shares for services	2,500	500	-	-	-	500
Warrants issued for class B preferred shares	-	-	17,239	-	-	17,239
Stock based compensation	-	-	-	140,971	-	140,971
Net loss for the year	-	-	-	-	(1,508,067)	(1,508,067)
Balance, December 31, 2016 (unaudited)	**35,105,174**	**$ 2,694,980**	**$ 65,200**	**$ 198,128**	**$ (4,308,667)**	**$ (1,350,359)**
Private placements	1,060,000	265,000	-	-	-	265,000
Share issuance costs	-	(6,618)	-	-	-	(6,618)
Valuation of warrants	-	(79,858)	9,716	-	-	(70,142)
Shares issued for accounts payable	120,000	30,000	-	-	-	30,000
Convertible debentures converted	200,000	50,000	-	-	-	50,000
Warrants issued for services	-	-	15,824	-	-	15,824
Net loss for the year	-	-	-	-	(727,562)	(727,562)
Balance, December 31, 2017	**36,485,174**	**$ 2,953,504**	**$ 90,740**	**$ 198,128**	**$ (5,036,229)**	**$ (1,793,857)**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

Zonetail Inc. ("Zonetail" or the "Company") was incorporated on March 14, 2013 under the Canada Business Corporations Act. The corporate office is located at 20 Dalhousie St, Toronto, Ontario, Canada.

Zonetail provides a white-labelled mobile platform, built to brand standards, that allows hotels to offer all information in the hotel compendium and website directly on the guest's mobile device. The platform can be applied to anywhere people live, stay, work or congregate such as condos, office towers, universities and entertainment venues.

The consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has accumulated a deficit amounting to $5,036,229 as at December 31, 2017 (December 31, 2016 - $4,308,667). The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company had a net loss and comprehensive loss for the year ended December 31, 2017 of $727,562 and (year ended December 31, 2016 - $1,508,067).

As the Company continues to develop its core offerings, it will require additional financing to meet its working capital requirements. These conditions cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations. These adjustments could be material.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of October 26, 2018, the date the Board of Directors approved the statements.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are required to be reported at fair value as noted in note 2(c). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) New standards not yet adopted and interpretations issued but not yet effective

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements. The Company does not expect adoption to have any material impact.

2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. All material intercompany transactions are eliminated upon consolidation.

The following companies have been consolidated within the annual consolidated financial statements:

Company	Registered
Zonetail Inc.	Ontario, Canada
Zonetail US Inc	Wyoming, United States of America
9827200 Canada Limited	Ontario, Canada

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The functional currency for the Company is determined by the currency of the primary economic environment in which it operates (“the functional currency”). The functional currency of the Company and its subsidiaries is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

At the end of each reporting year, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates of exchange prevailing at the date when fair value was determined; and, non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation at year-end are recognized in the statement of loss and comprehensive loss.

(d) Financial instruments

<u>Classification</u>

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL);
- those to be measured subsequently at fair value through other comprehensive income (FVOCI); and
- those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. Financial assets at fair value through comprehensive income Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

Classification (continued)

Summary of the Company's classification and measurements of financial assets and liabilities

Classification	
Cash and cash equivalents	FVTPL
Trade and other receivables	Amortized cost
Notes receivable	Amortized cost
Amounts payable and other liabilities	Amortized cost
Advances	Amortized cost
Convertible debentures	Amortized cost
Derivative liability	FVTPL
Class B preferred shares	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case by case basis to determine whether they need to be written off. Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost. The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

Fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). Cash is considered to be level 1 and derivative liability is considered to be level 2 under the fair value hierarchy.

The fair value of all financial instruments carried at amortized cost approximates fair value, except for convertible debentures, due to their short-term nature. The fair value of convertible debentures is equal to the principal plus accrued interest.

(e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

(f) Property and equipment

Property and equipment are stated at cost, less accumulated amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and fair value of any other consideration given to acquire the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Equipment is depreciated using the following annual rates:

Computer software	40%	declining balance
Computer equipment	30%	declining balance
Furniture and fixtures	20%	declining balance
Leasehold improvements	term of lease	straight-line

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed each reporting period, and adjusted prospectively if appropriate.

2. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and short-term bank deposits with original maturity of three months or less. The Company's cash is invested with major financial institutions in business accounts that are available on demand by the Company for its programs.

(h) Income taxes and deferred taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(i) Convertible debt

The Company has issued convertible debentures which, on conversion, must be satisfied entirely in cash for an amount equal to the greater of the conversion value and the redemption value of the instrument.

The Company reviews the terms of its convertible debentures to determine whether there are embedded derivatives, including the embedded conversion option, that are required to be separated and accounted for as individual derivative financial instruments. In circumstances where the convertible debentures contain embedded derivatives that are to be separated from the debenture host contracts, the total proceeds received are first allocated to the fair value of the derivative financial instruments determined using the Black-Scholes model. The remaining proceeds, if any, are then allocated to the debenture host contracts, usually resulting in those instruments being recorded at a discount from their principal amount. This discount is accreted over the expected life of the instruments to profit (loss) using the effective interest method.

The Company calculates the fair value of the conversion feature included in convertible debt using the fair value method, under which the fair value of the conversion feature at the issue date is calculated using the Black-Scholes Pricing Model.

Volatility is determined based on volatilities of comparable companies when the Company does not have its own sufficient trading history. The expected term, which represents the period of time that the convertible debentures issued are expected to be outstanding, is estimated based on an average of the term of the convertible debentures issued.

The risk-free rate assumed in valuing the conversion feature is based on the Canadian treasury yield curve in effect at the time of grant for the expected term of the convertible debentures issued. The expected dividend yield percentage at the date of issue is nil as the Company is not expected to pay dividends in the foreseeable future.

2. Significant accounting policies (continued)

(i) Convertible debt (continued)

The debenture host contracts are subsequently recorded at amortized cost at each reporting date, using the effective interest method. The embedded derivatives are subsequently recorded at fair value at each reporting date, with changes in fair value recognized in profit (loss).

The Company presents its embedded derivative liability and related debenture host contracts as separate instruments on the balance sheet.

(j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all instruments outstanding that may add to the total number of common shares.

(k) Share-based transactions

The fair value of share options granted is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of share-based payments to employees is measured at the grant date and recognized on a graded-vesting basis over the period during which the options vest. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the options granted to employees is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Consideration paid for the shares on the exercise of stock options is credited to share capital. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(l) Revenue recognition

Revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgment. The Company generates revenues primarily providing its customers a right to advertise on its online platform. The customer creates its own advertisement and provides an upfront payment to the Company with subsequent monthly payments depending on the length of the contract. Revenue from the contracts and the associated costs are recognized as the services are provided, the price is fixed or determinable, collectability is reasonably assured and the costs incurred can be reliably measured. Amounts invoices to customers, primarily deposits that do not meet the revenue recognition criteria are considered ‘deferred’ and are included with the Company’s current liabilities for reporting purposes.

(m) Research and development

Research and development costs are expensed as incurred.

(n) Preferred shares

Preferred shares with mandatory redemption on a specific date are classified as liabilities. The dividends on these preferred shares are recognized in the statements of loss and comprehensive loss as interest expense.

2. Significant accounting policies (continued)

(o) Warrants

The Company engages in equity financing transactions necessary to continue operations. These transactions may involve the issuance of common shares or units. A unit may consist of a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement.

When Warrants are issued as part of units, the Company uses the residual method where it first allocates the proceeds received on the units issued to the attached Warrants based on their fair value using the Black-Scholes Pricing Model and the residual is allocated to the share capital. Warrants that are issued as payment for an agency fee or other transaction cost may be accounted for as share-based payments, depending on the terms of the issuance.

When warrants expire, the ascribed value is transferred to contributed surplus of the Company.

(p) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in the Black-Scholes valuation model (volatility; interest rate; expected life and forfeiture rate) in accounting for share-based payment transactions and estimating the fair value of warrants and conversion feature derivative liabilities;
- the valuation of the derivative liability component of convertible debt;
- timing and recognition of revenue under IFRS 15; and
- assumptions used in the calculation of deferred income taxes subject to uncertainty as to the timing and which tax rates are expected to apply when temporary differences reverse.

2. Significant accounting policies (continued)

(p) Significant accounting judgments and estimates (continued)

Critical accounting judgments

- management applied judgment in determining the functional currency of the Company as Canadian dollars;
- the going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due; and
- determining the treatment of the conversion feature of convertible debt as a derivative liability versus equity depending on the terms and conditions of issuance.

3. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, warrants, contributed surplus and deficit, which at December 31, 2017 totaled $(1,793,857) (December 31, 2016 - $(1,350,359)).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

4. Financial instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign currency risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk for the year ended December 31, 2017.

4. Financial risk management (continued)

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and cash equivalents, notes receivable and trade and other receivables. The Company mitigates its risk by maintaining its funds with large reputable financial institutions. Management assessed the credit quality of the borrower for notes receivable. During the year ended December 31, 2017, the notes receivable was settled. In the normal course of business, the Company's trade accounts receivable are potentially exposed to credit risk from its customers. To mitigate this risk, the Company provides an allowance for doubtful accounts equal to the estimated losses expected to be incurred in the collection of trade and other receivables.

(ii) Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, advances, convertible debentures and commitments. The Company limits its exposure to this risk by closely monitoring the cash flow. All liabilities are due within 1 year.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company currently does not have any short-term or long-term debt that is variable interest bearing and, as such, the Company's current exposure to interest rate risk is minimal.

(b) Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

The Company has convertible debenture balances in US dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar against the Canadian dollar would affect the reported loss and comprehensive loss by approximately $22,000 (2016 - $17,000).

(Expressed in Canadian Dollars)

5. Trade and other receivables

	December 31, 2017	December 31, 2016 (Unaudited)
Sales tax receivable	**$ 14,242**	$ 5,030
Trade receivable, net of allowance for doubtful accounts	**-**	2,034
Other receivables	**-**	1,329
	$ 14,242	$ 8,393

Trade receivable, net of allowance for doubtful accounts:

	December 31, 2017	December 31, 2016 (Unaudited)
Trade receivable	**$ 4,966**	$ 2,034
Allowance for doubtful accounts	**(4,966)**	-
	$ -	$ 2,034

6. Property and equipment

Cost	Furniture and fixtures	Computer equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2015 (Unaudited)	$ 24,442	$ 24,104	$ 6,906	$ 14,586	$ 70,038
Disposals	-	(3,744)	-	-	(3,744)
Impairment	-	(20,360)	(6,906)	-	(27,266)
Balance, December 31, 2016 (Unaudited)	24,442	-	-	14,586	39,028
Balance, December 31, 2017	$ 24,442	$ -	$ -	$ 14,586	$ 39,028

Accumulated Depreciation	Furniture and fixtures	Computer equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2015 (Unaudited)	$ 2,444	$ 2,821	$ 3,934	$ 2,195	$ 11,394
Depreciation for the year	4,400	5,525	1,189	4,606	15,720
Disposals	-	(576)	-	-	(576)
Impairment	-	(7,770)	(5,123)	-	(12,893)
Balance, December 31, 2016 (Unaudited)	$ 6,844	$ -	$ -	$ 6,801	$ 13,645
Depreciation for the year	3,520	-	-	4,606	8,126
Balance, December 31, 2017	$ 10,364	$ -	$ -	$ 11,407	$ 21,771

Carrying Value	Furniture and fixtures	Computer equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2016 (Unaudited)	$ 17,598	$ -	$ -	$ 7,785	$ 25,383
Balance, December 31, 2017	$ 14,078	$ -	$ -	$ 3,179	$ 17,257

(Expressed in Canadian Dollars)

7. Convertible debentures

	Year Ended December 31, 2017	Year Ended December 31, 2016 (Unaudited)
Opening balance	**$ 390,241**	$ -
Issuance of convertible debentures	**420,000**	458,695
Interest and accretion	**352,386**	128,154
Derivative liability	**(399,561)**	(195,264)
Conversion of convertible debentures	**(50,000)**	-
Foreign exchange	**(14,045)**	(1,344)
	$ 699,021	$ 390,241

(i) During the year ended December 31, 2016, the Company issued a series of convertible debentures totaling $458,695, consisting of total principal of USD $125,000 and $285,000 (the "2016 Debentures").

$85,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant at the lesser of $0.25 and the price of the Company's next equity financing unit price. Each warrant is exercisable at $0.25 for 2 years following the date of conversion. During the year ended December 31, 2017, $50,000 of these convertible debentures were converted at $0.25 into common shares and warrants (see notes 8 and 11). The 200,000 warrants were assigned a fair value of $8,205 (recorded against share capital) which was determined using the Black-Scholes option pricing model using the following assumptions: share price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 1.15%; and an expected life - 2.3 years.

$200,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant at the lesser of $0.25 and 80% of the price of the Company's next equity financing unit price. Each share purchase warrant is exercisable at $0.25 for 2 years following the date of conversion.

USD $125,000 of convertible debentures bear interest at 24% per annum and were to mature 6 months from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common at the lesser of $0.25 and the price of the Company's next equity financing unit price. Each share purchase warrant is exercisable at $0.25 for 2 years following the date of conversion.

As a result of the conversion price of the debentures not being fixed, the conversion feature is considered a derivative liability and is revalued at each period end. See note 7 (iii) below.

See note 7 (iv) below for subsequent amendments to terms.

(ii) During the year ended December 31, 2017, the Company issued a series of convertible debentures totaling $420,000 (the "2017 Debentures"). $350,000 of the convertible debentures were issued on the redemption of the Class B preferred shares (see note 9).

$70,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. $50,000 of the convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and the price of the Company's next equity financing unit price. $20,000 of the convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and 80% of the price of the Company's next equity financing unit price.

7. Convertible debentures (continued)

(ii) (continued) $350,000 of convertible debentures bear interest at 10% per annum and were to mature 1.4 years from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and the price of the Company's next equity financing unit price. As part of the convertible debentures, the Company granted 1,400,000 warrants exercisable at the lesser of $0.25 and the price of the Company's next equity financing unit price until June 30, 2019.

The 1,400,000 warrants were initially assigned a fair value of $196,563 which was determined using the Black-Scholes option pricing model using the following assumptions: share price - $0.25, exercise price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 1.15%; and an expected life - 2.3 years. The value of the warrants were allocated to the derivative liability.

See note 7 (iv) below for subsequent amendments to terms.

(iii) The fair value of the derivative liabilities of the 2016 Debentures at issuance was estimated to be $195,264 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.25, exercise price - $0.23, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 0.82 years.

The fair value of the derivative liabilities of the 2016 Debentures at December 31, 2016 was estimated to be $170,552 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.25, exercise price - $0.23, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 0.56 years.

The fair value of the derivative liabilities of the 2017 Debentures at issuance was estimated to be $202,998 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.25, exercise price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 1.3 years.

The fair value of the derivative liabilities of the 2016 Debentures and 2017 Debentures at December 31, 2017 was estimated to be $343,418 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.19, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 0.68 years.

(iv) Subsequent to December 31, 2017, all convertible debenture holders agreed to convert the principal and accrued interest on the Liquidity Event, as defined below, into one common share and one common share purchase warrant exercisable at $0.25 for 1 year from the Liquidity Event at the original conversion terms. As a result, the Company was required to issue 200,000 penalty common shares to a holder (issued subsequent to December 31, 2017). Subsequent to December 31, 2017, the Company completed an equity financing at $0.18 per unit (see note 16) on which the conversion price will be based, unchanged from the original agreements.

Liquidity Event means any one of: (i) completion of a going public transaction whether effected by way of a reverse takeover transaction with an issuer listed on the TSX Venture Exchange (including without limitation the NEX board of the TSX Venture Exchange) or any other recognized stock exchange in Canada or the United States (which may but need not consist of a Qualifying Transaction (as defined in the policies of the TSX Venture Exchange)) whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction; (ii) the listing and posting for trading of the Company’s common shares on the Toronto Stock Exchange or any other recognized stock exchange in Canada or the United States; or (iii) the completion of a transaction in which all of the outstanding shares of the Company, or all or substantially all of the assets of the Company, are acquired by a person or entity that is at “arm’s length” (as defined in the Income Tax Act (Canada)) to the Company, whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction.

(Expressed in Canadian Dollars)

8. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares		Amount
Balance, December 31, 2015 (Unaudited)	35,102,674	$	2,694,480
Shares for services (i)	2,500		500
Balance, December 31, 2016 (Unaudited)	35,105,174	$	2,694,980
Private placements (ii), (iv)	1,060,000		265,000
Share issuance costs	-		(6,618)
Valuation of warrants (iv), (note 7(i))	-		(79,858)
Shares issued for accounts payable (iii)	120,000		30,000
Convertible debentures converted (note 7(i))	200,000		50,000
Balance, December 31, 2017	36,485,174	$	2,953,504

(i) In December 2016, the Company issued 2,500 common shares, with a fair value of $500, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(ii) In January and February 2017, the Company completed non-brokered private placements of a total of 260,000 common shares at $0.25 per share for aggregated gross proceeds of $65,000.

(iii) In May 2017, the Company issued 120,000 common shares to settle accounts payable of $30,000.

(iv) During the year ended December 31, 2017, the Company completed bridge financing of a total of 800,000 units at $0.25 per unit for gross proceeds of $200,000. Each unit consisted of one common share and one common share purchase warrant, exercisable at a 20% discount to the Liquidity Event price and expiring at the Liquidity Event. As a result of the exercise price not being fixed, the warrant is considered to be a derivative liability. In connection with the bridge financing, the Company issued 16,000 finders' warrants exercisable at $0.25 until November 29, 2019.

The fair value of the warrants at issuance was estimated to be $70,142 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.16, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 0.58 years. The fair value of the finders' warrants at issuance was estimated to be $1,511 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.15%; and an expected life - 2 years.

(v) The issued common shares exclude 98,970 common shares placed in escrow to be released in tranches of 19,794 each year starting November 30, 2018.

(Expressed in Canadian Dollars)

9. Class B preferred shares

During the year ended December 31, 2016, the Company issued 1,050,000 Class B preferred shares for $350,000 and a note receivable of $700,000, maturing on January 1, 2017 and bearing interest at the Canadian Revenue Agency prescribed rate. During the year ended December 31, 2017, the Class B preferred shares were redeemed against the $700,000 note receivable, with the $350,000 balance being converted into a convertible debenture (see note 7 (ii)).

Due to the Class B preferred shares being redeemable at the option of the holder, the carrying amount is classified as a liability at December 31, 2016.

In connection with the issuance of the Class B preferred shares, the Company issued 112,000 warrants exercisable at $0.25 and exercisable for 12 months from the Liquidity Event. The fair value of the warrants at issuance was estimated to be $17,239 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -0.93%; and an expected life - 3.0 years.

10. Stock options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2015 (Unaudited)	404,000	$ 0.25
Issued (i), (ii)	740,000	0.18
Balance, December 31, 2016 (Unaudited) and December 31, 2017	1,144,000	$ 0.20

(i) In February 2016, the Company granted 540,000 stock options to certain officers and then officers of the Company at an exercise price of $0.15, expiring February 16, 2021 and vesting immediately. The fair value of the options was estimated to be $108,300 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 0.63%; and an expected life - 5 years.

(ii) In December 2016, the Company granted 200,000 stock options to consultants of the Company at an exercise price of $0.25, expiring 2 years from the Liquidity Event. The fair value of the options was estimated to be $32,671 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.25, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 0.49%; and an expected life - 3.5 years.

The following table reflects the actual stock options issued and outstanding as of December 31, 2017:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
2 years from the Liquidity Event (1)	0.25	2.5	604,000	604,000
February 16, 2021	0.15	3.1	540,000	540,000
		2.8	1,144,000	1,144,000

(1) Subsequent to December 31, 2017, 100,000 stock options were cancelled.

(Expressed in Canadian Dollars)

11. Warrants

	Number of warrants		Amount
Balance, December 31, 2015 (Unaudited)	339,000	$	47,961
Issued (note 9)	112,000		17,239
Balance, December 31, 2016 (Unaudited)	451,000	$	65,200
Issued (notes 7(i)), 8 (iv) and (i))	2,616,000		292,245
Balance, December 31, 2017	3,067,000	$	357,445

(i) During the year ended December 31, 2017, the Company issued 200,000 warrants for services. 100,000 warrants are exercisable at $0.25 until December 15, 2018 and 100,000 warrants are exercisable at $0.25 until December 15, 2019.

The fair value of the warrants was estimated to be $15,824 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 1.15%; and an expected life - 1.5 years.

(ii) The fair value of the derivative liabilities of the warrants at December 31, 2017 was estimated to be $197,334 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.20, exercise price - $0.17, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate - 1.15%; and an expected life - 1.27 years.

The following table reflects the actual warrants issued and outstanding as of December 31, 2017:

Expiry date	Exercise price ($)	Number of warrants outstanding	Grant date fair value ($)
Liquidity Event	0.20 (1)	800,000	70,142
December 15, 2018	0.25	100,000	6,379
1 year from the Liquidity Event	0.25 (2)	1,400,000	196,563
1 year from the Liquidity Event	0.25	312,000	25,444
November 29, 2019	0.25	16,000	1,511
December 15, 2019	0.25	100,000	9,445
2 years from the Liquidity Event	0.25	339,000	47,961
	0.24	3,067,000	357,445

(1) Considered a derivative liabilitiy as exercisable at a 20% discount to the Liquidity Event price. See note 16.
(2) Considered a derivative liabilitiy as exercisable at lesser of $0.25 and the price of the Company's next equity financing unit price.

12. Gain on settlement of accounts payable

For the year ended December 31, 2017, certain creditors agreed to settlement outstanding accounts payable and accrued liabilities for less than their carrying value. As a result, the Company recorded a gain on settlement of accounts payable of $122,869.

(Expressed in Canadian Dollars)

13. Loss per share

For the year ended December 31, 2017, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $727,562 (year ended December 31, 2016 - $1,508,067) and the weighted average number of common shares outstanding of 35,419,201 (year ended December 31, 2016 - 35,102,674). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

14. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company was as follows:

	Year ended December 31, 2017 $	Year ended December 31, 2016 $ (Unaudited)
Salaries and benefits	**105,000**	183,750
Share-based payments	**-**	108,300

(i) As at December 31, 2017, included in accounts payable and accrued liabilities is $26,250 (December 31, 2016 - $6,823) payable for salaries and benefits to key management personnel.

(ii) As at December 31, 2017, the Company had advances from the Chief Executive Officer of $197,100. This amount was unsecured, non-interest bearing and due on demand. See note 16(xi) for subsequent conversion of $135,650 of the balance to common shares.

15. Income taxes

Income tax recovery differs from the amount that would be computed by applying Canadian statutory income tax rate of 26.5% (2016 - 26.5%) to income before taxes. The reasons for the differences are as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016 (Unaudited)
Loss before income taxes	**$ 727,562**	$ 1,508,067
Statutory tax rate	**26.50 %**	26.50 %
Expected income tax recovery	**192,804**	399,638
Items not deductible for income tax purposes and other	**4,001**	(119,392)
Unrecognized deductible temporary differences	**(196,805)**	(280,246)
	$ -	$ -

(Expressed in Canadian Dollars)

15. Income taxes (continued)

The significant components of the deferred tax assets and liabilities not recognized as at December 31, 2017 and 2016 are as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016 (Unaudited)
Deferred tax assets:		
Property and equipment	**$ 123,151**	$ 86,469
Financing fees	**39,631**	$ -
Intangibles	**2,697,433**	$ 2,900,466
Derivative liability	**540,752**	$ 170,552
Non-capital losses	**598,716**	99,534
Unrecognized deductible temporary differences	**$ 3,999,683**	$ 3,257,021

The Company has Canadian non-capital losses of approximately $905,527 available to apply against the future taxable income, expiring has follows.

2036	**$ 168,099**
2037	**737,428**
	$ 905,527

16. Subsequent events

(i) Subsequent to December 31, 2017, the Company entered into a letter of intent with Revelstoke Equity Inc. ("Revelstoke") in respect of a proposed transaction pursuant to which Revelstoke and Zonetail are expected to combine their business operations (the “Transaction”). Upon completion of the Transaction, the combined entity (the “Resulting Issuer”) will continue to carry on the business of Zonetail. It is expected that upon completion of the Transaction, the Resulting Issuer will meet the Initial Listing Requirements for a Tier 2 Technology issuer under the policies of the TSX Venture Exchange (the “Exchange”).

Revelstoke is a “capital pool company” under the policies of the Exchange and it is intended that the Transaction will constitute the “Qualifying Transaction” of Revelstoke, as such term is defined in Exchange Policy 2.4 – Capital Pool Companies. Revelstoke is currently listed on the NEX board of the Exchange and is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

It is currently anticipated that the Transaction will occur as a three-cornered amalgamation between Zonetail, Revelstoke and a to be incorporated wholly-owned subsidiary of Revelstoke (“Subco”), the final structure of the Transaction being subject to receipt of tax, corporate and securities law advice for both Revelstoke and Zonetail. It is expected that the structure of the Transaction will be finalized in a definitive agreement (the “Definitive Agreement”) entered into between the parties.

The Transaction is subject to regulatory approval, including the approval of the Exchange, and the satisfaction of customary closing conditions, including the approval of the Definitive Agreement and the Transaction by the board directors of each of Revelstoke and Zonetail and completion of due diligence investigations to the satisfaction of each of Revelstoke and Zonetail. The Transaction will be carried out by parties dealing at arm’s length to one another and therefore will not be considered to be a “Non-Arm’s Length Qualifying Transaction”, as such term is defined under the policies of the Exchange.

16. Subsequent events (continued)

(ii) Subsequent to December 31, 2017, the Company closed a brokered private placement of 11,130,092 subscription receipts of Zonetail ("Subscription Receipts") at a price of $0.18 per Subscription Receipt (the "Private Placement Price") for gross proceeds of $2,003,417 pursuant to an Agency Agreement dated July 13, 2018 (the "Agency Agreement") among Revelstoke, Zonetail, Gravitas Securities Inc. ("Gravitas"), acting as co-lead agent with Canaccord Genuity Corp. for the private placement, and with Beacon Securities Limited (collectively, the "Agents"). The private placement was completed as a condition of Revelstoke's Qualifying Transaction and the Transaction described above.

In connection with the private placement, the Agents are entitled to a cash commission of $131,373. 25% of the Commission was paid to the Agents at closing of the Private Placement and the remaining 75% shall be paid to the Agents by the Subscription Receipt Agent from the funds held in escrow on the date that the Escrow Release Conditions set out in the Subscription Receipt Agreement are satisfied, as described below.

The Agents were also granted 774,296 warrants ("Agents' Warrants") to acquire that number of Zonetail common shares (40,000 subsequently cancelled). Each Agents' Warrant will be exercisable at the Private Placement Price per Zonetail Share (or if exercised after closing of the Transaction, per Resulting Issuer Share), from the Closing Date and for a period of 24 months from the Escrow Release Date. In consideration of the Agents' services in connection with the coordination and review of the private placement, Zonetail issued to the Agents 222,602 Zonetail common shares which is equal to 2% of the aggregate number of Subscription Receipts. In addition to the foregoing compensation, Zonetail will also pay to the Agents a fee equal to $8,000 plus applicable tax; and reimburse expenses of $84,500.

Each Subscription Receipt will be automatically exchanged immediately prior to the completion of the Transaction (without any further action by the holder of such Subscription Receipt and for no further payment) for common shares of Zonetail ("Zonetail Shares"), each of which shall be exchangeable into one common share of the Resulting Issuer, upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). The proceeds from the private placement less $100,000.08 pursuant to a subscription settling directly with Zonetail ("Escrowed Funds") have been deposited in escrow pursuant to a subscription receipt agreement dated July 13, 2018 (the "Subscription Receipt Agreement") between Zonetail, Gravitas and TSX Trust Company, as registrar and transfer agent for the Subscription Receipts and as escrow agent to receive the Escrowed Funds. If the Escrow Release Conditions are not satisfied, the Escrowed Funds will be returned to the subscribers of the private placement in accordance with the Subscription Receipt Agreement. The proceeds from the private placement, once released from escrow, will be used for the initial development of Zonetail's blockchain application technology, sales and marketing efforts, and general working capital and corporate purposes.

(iii) Subsequent to December 31, 2017, the Company completed bridge financing of a total of 1,451,200 units at $0.25 per unit for gross proceeds of $362,800. Each unit consisted of one common share and one common share purchase warrant, exercisable at a 20% discount to the Liquidity Event price and expiring at the Liquidity Event.

(iv) Subsequent to December 31, 2017, the Company issued 100,000 common shares, with a fair value of $20,000, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(v) Subsequent to December 31, 2017, the Company entered into an unsecured promissory note of $325,000, bearing interest at 8% to be settled with 144,444 common shares, and maturing at the Liquidity Event. The Company also issued 1,805,555 warrants exercisable at $0.18 until August 20, 2019.

(vi) Subsequent to December 31, 2017, the Company issued 2,500 common shares, with a fair value of $500, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(vii) Subsequent to December 31, 2017, the Company issued 200,000 penalty common shares to a convertible debenture holder (see note 7(iv)).

16. Subsequent events (continued)

(viii) Subsequent to December 31, 2017, the Company issued unsecured, non-interest bearing promissory notes totalling $119,494 for outstanding trade payables. $46,562 of the promissory notes may be converted into units of the Company, each such unit having an assigned value of $0.18 and comprised of one common share and one warrant to purchase one a common share. Each warrant is exercisable at the lesser of (i) $0.18 per common share; and (ii) 80% of the price per common share under the private placement equity financing by the Debtor which closed on July 13, 2018; and shall expire 12 months following the Liquidity Event.

(ix) Subsequent to December 31, 2017, the Company issued 38,889 penalty common shares to a former convertible debenture holder.

(x) Subsequent to December 31, 2017, the Company issued 750,000 common shares as remuneration under employment agreements.

(xi) Subsequent to December 31, 2017, the Company issued 753,611 common shares on the conversion of $135,650 of advances from the Chief Executive Officer.

(xii) Subsequent to December 31, 2017, the Company received subscription agreements for an additional 833,356 common shares for aggregate gross proceeds of $150,004 at $0.18 per common share. As part of the closing of the subscription agreements, the Company will be required to pay finders fees' of $2,500 and issue 13,888 finders' warrants exercisable at $0.25 for 6 months from closing.

(xiii) Subsequent to December 31, 2017, the Company issued 100,000 warrants exercisable at $0.25 and expiring March 1, 2020, to a consultant for services.

EXHIBIT "D"

See attached.

ZONETAIL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017 AND

THREE AND SIX MONTHS ENDED JUNE 30, 2018

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Zonetail Inc. ("Zonetail", or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2017 and for the three and six months ended June 30, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fiscal year ended December 31, 2017, together with the notes thereto and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2018. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at October 26, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Zonetail's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of (i) this MD&A; or (ii) as of the date specified in such statement. 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.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Zonetail Inc. ("Zonetail" or the "Company") was incorporated on March 14, 2013 under the Canada Business Corporations Act. The corporate office is located at 20 Dalhousie St, Toronto, Ontario, Canada.

Zonetail provides a white-labelled mobile platform, built to brand standards, that allows hotels to offer all information in the hotel compendium and website directly on the guest's mobile device. The platform can be applied to anywhere people live, stay, work or congregate such as condos, office towers, universities and entertainment venues.

Operations Highlights

(i) During the year ended December 31, 2017, the Company issued a series of convertible debentures totaling $420,000 (the "2017 Debentures"). $350,000 of the convertible debentures were issued on the redemption of the Class B preferred shares.

$70,000 of the convertible debentures bear interest at 10% per annum and were to mature 1 year from issuance. $50,000 of the convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and the price of the Company's next equity financing unit price. $20,000 of the convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and 80% of the price of the Company's next equity financing unit price.

$350,000 of convertible debentures bear interest at 10% per annum and were to mature 1.4 years from issuance. The convertible debentures were convertible at the option of the holder, in whole or part, into one common share and one common share purchase warrant exercisable at $0.25 for 2 years following the date of conversion at the lesser of $0.25 and the price of the Company's next equity financing unit price. As part of the convertible debentures, the Company granted 1,400,000 warrants exercisable at the lesser of $0.25 and the price of the Company's next equity financing unit price until June 30, 2019.

(ii) All convertible debenture holders agreed to convert the principal and accrued interest on the Liquidity Event, as defined below, into one common share and one common share purchase warrant exercisable at $0.25 for 1 year from the Liquidity Event at the original conversion terms. As a result, the Company was required to issue 200,000 penalty common shares to a holder. Subsequent to June 30, 2018, the Company completed an equity financing at $0.18 per unit (see below) on which the conversion price will be based.

Liquidity Event means any one of: (i) completion of a going public transaction whether effected by way of a reverse takeover transaction with an issuer listed on the TSX Venture Exchange (including without limitation the NEX board of the TSX Venture Exchange) or any other recognized stock exchange in Canada or the United States (which may but need not consist of a Qualifying Transaction (as defined in the policies of the TSX Venture Exchange)) whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction; (ii) the listing and posting for trading of the Company's common shares on the Toronto Stock Exchange or any other recognized stock exchange in Canada or the United States; or (iii) the completion of a transaction in which all of the outstanding shares of the Company, or all or substantially all of the assets of the Company, are acquired by a person or entity that is at "arm's length" (as defined in the Income Tax Act (Canada)) to the Company, whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction.

(iii) In January and February 2017, the Company completed non-brokered private placements of a total of 260,000 common shares at $0.25 per share for aggregated gross proceeds of $65,000.

(iv) In May 2017, the Company issued $120,000 common shares to settle accounts payable of $30,000.

(v) During the year ended December 31, 2017, the Company completed bridge financing of a total of 800,000 units at $0.25 per unit for gross proceeds of $200,000. Each unit consisted of one common share and one common share purchase warrant, exercisable at a 20% discount to the Liquidity Event price and expiring at the Liquidity Event.

(vi) During the year ended December 31, 2017, $50,000 of these convertible debentures were converted at $0.25 into common shares and warrants. Each warrant is exercisable at $0.25 for 12 months from the Liquidity Event.

(vii) During the year ended December 31, 2017, the Company issued 200,000 warrants for services, of which 100,000 warrants are exercisable at $0.25 until December 15, 2018 and 100,000 warrants are exercisable at $0.25 until December 15, 2019.

(viii) During the period ended June 30, 2018, the Company entered into a letter of intent with Revelstoke Equity Inc. ("Revelstoke") in respect of a proposed transaction pursuant to which Revelstoke and Zonetail are expected to combine their business operations (the "Transaction"). Upon completion of the Transaction, the combined entity (the "Resulting Issuer") will continue to carry on the business of Zonetail. It is expected that upon completion of the Transaction, the Resulting Issuer will meet the Initial Listing Requirements for a Tier 2 Technology issuer under the policies of the TSX Venture Exchange (the "Exchange"). See "Proposed Transaction" below.

(ix) During the six months ended June 30, 2018, the Company completed bridge financing of a total of 1,451,200 units at $0.25 per unit for gross proceeds of $362,800. Each unit consisted of one common share and one common share purchase warrant, exercisable at a 20% discount to the Liquidity Event price and expiring at the Liquidity Event.

(x) In February 2018, the Company issued 120,000 penalty shares to a convertible debenture holder.

(xi) In March 2018, the Company issued 100,000 warrants exercisable at $0.25 and expiring March 1, 2020, to a consultant for services.

(xii) In May 2018, the Company issued 100,000 common shares, with a fair value of $20,000, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(xiii) Subsequent to June 30, 2018, the Company closed a brokered private placement of 11,130,092 subscription receipts of Zonetail ("Subscription Receipts") at a price of $0.18 per Subscription Receipt (the "Private Placement Price") for gross proceeds of $2,003,417 pursuant to an Agency Agreement dated July 13, 2018 (the "Agency Agreement") among Revelstoke, Zonetail, Gravitas Securities Inc. ("Gravitas"), acting as co-lead agent with Canaccord Genuity Corp. for the private placement, and with Beacon Securities Limited (collectively, the "Agents"). The private placement was completed as a condition of Revelstoke's Qualifying Transaction and the Transaction described above.

In connection with the private placement, the Agents are entitled to a cash commission of $131,373. 25% of the Commission was paid to the Agents at closing of the Private Placement and the remaining 75% shall be paid to the Agents by the Subscription Receipt Agent from the funds held in escrow on the date that the Escrow Release Conditions set out in the Subscription Receipt Agreement are satisfied, as described below.

The Agents were also granted 774,296 warrants ("Agents' Warrants") to acquire that number of Zonetail common shares (40,000 subsequently cancelled). Each Agents' Warrant will be exercisable at the Private Placement Price per Zonetail Share (or if exercised after closing of the Transaction, per Resulting Issuer Share), from the Closing Date and for a period of 24 months from the Escrow Release Date. In consideration of the Agents' services in connection with the coordination and review of the private placement, Zonetail issued to the Agents 222,602 Zonetail common shares which is equal to 2% of the aggregate number of Subscription Receipts. In addition to the foregoing compensation, Zonetail will also pay to the Agents a fee equal to $8,000 plus applicable tax; and reimburse expenses of $84,500.

Each Subscription Receipt will be automatically exchanged immediately prior to the completion of the Transaction (without any further action by the holder of such Subscription Receipt and for no further payment) for common shares of Zonetail ("Zonetail Shares"), each of which shall be exchangeable into one common share of the Resulting Issuer, upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). The proceeds from the private placement less $100,000.08 pursuant to a subscription settling directly with Zonetail ("Escrowed Funds") have been deposited in escrow pursuant to a subscription receipt agreement dated July 13, 2018 (the "Subscription Receipt Agreement") between Zonetail, Gravitas and TSX Trust Company, as registrar and transfer agent for the Subscription Receipts and as escrow agent to receive the Escrowed Funds. If the Escrow Release Conditions are not satisfied, the Escrowed Funds will be returned to the subscribers of the private placement in accordance with the Subscription Receipt Agreement. The proceeds from the private placement, once released from escrow, will be used for the initial development of Zonetail's blockchain application technology, sales and marketing efforts, and general working capital and corporate purposes.

(xiv) Subsequent to June 30, 2018, the Company issued a total of 158,889 penalty shares to a convertible debenture holder and a former convertible debenture holder.

(xv) Subsequent to June 30, 2018, the Company issued 2,500 common shares, with a fair value of $500, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(xvi) Subsequent to June 30, 2018, the Company entered into an unsecured promissory note of $325,000, bearing interest at 8% to be settled with 144,444 common shares, and maturing at the Liquidity Event. The Company also issued 1,805,555 warrants exercisable at $0.18 until August 20, 2019.

(xvii) Subsequent to June 30, 2018, the Company issued 750,000 common shares as remuneration under employment agreements.

(xviii) Subsequent to June 30, 2018, the Company issued 753,611 common shares on the conversion of $135,650 of advances from the Chief Executive Officer.

(xix) Subsequent to June 30, 2018, the Company received subscription agreements for an additional 833,356 common shares for aggregate gross proceeds of $150,004 at $0.18 per common share. As part of the closing of the subscription agreements, the Company will be required to pay finders fees' of $2,500 and issue 13,888 finders' warrants exercisable at $0.25 for 6 months from closing.

(xx) Subsequent to June 30, 2018, the Company issued unsecured, non-interest bearing promissory notes totalling $119,494 for outstanding trade payables. $46,562 of the promissory notes may be converted into units of the Company, each such unit having an assigned value of $0.18 and comprised of one common share and one warrant to purchase one a common share. Each warrant is exercisable at the lesser of (i) $0.18 per common share; and (ii) 80% of the price per common share under the private placement equity financing by the Debtor which closed on July 13, 2018; and shall expire 12 months following the Liquidity Event.

(xxi) Subsequent to June 30, 2018, the Company 100,000 stock options expiring 2 years from the Liquidity Event and exercisable at $0.25 were cancelled.

Trends

Zonetail believes the most significant factors and trends that affect its financial performance and results of operations are as follows:

Regulatory and Industry Advertising Standards: The digital advertising environment is nascent and new dynamics are affecting and challenging the new ecosystem of advertising distribution, sales and consumer adoption. Though Zonetail's advertising content is delivered uniquely, Zonetail is aware of these potential threats and disruptive dynamics.

Competitive Conditions: Zonetail competes in North America with a number of competitors including hotel brand mobile apps, stand alone subscription mobile apps, adjacencies and potentially not yet launched new business models. Zonetail's ability to understand is customer's business challenges, and strategies as well as these businesses' end users' travel and local needs will need to stay at the forefront of all Zonetail market analysis and growth plans.

More horizontally integrated mobile technology: Several hotel brands and some standalone mobile competitors are beginning to develop in-house or as a commercial offering, more horizontally diversified product offerings. These offerings range from guest acquisition, Customer Relationship Management software, reservation systems and PMS integration, digital marketing and reputation management. Zonetail needs to ensure this strategy and these offerings don't pre-emptively lock out Zonetail while it looks to itself provide a more diversified offering.

Reduced advertising pricing levels: As the digital advertising media and delivery business continue to evolve with systems such as Programmatic, Real Time Bidding and additional adjacencies, there is the potential for advertising prices to fall. Zonetail will continue to monitor these new systems and their effects on market pricing, while concurrently evolving its product's value proposition and data capture capabilities which warrant premium pricing vs conventional current digital advertising inventory formats of banners, take-overs and rich media.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2017 and the consolidated financial statements of the Company at December 31, 2016 and 2015.

	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015
Revenue	$43,973	$80,892	$38,609
Net loss	$(727,562)	$(1,508,067)	$(2,218,143)
Net loss per share (basic and diluted)	$(0.02)	$(0.04)	$(0.08)
	As at December 31, 2017	**As at December 31, 2016**	**As at December 31, 2015**
Total assets	$119,925	$791,058	$281,348
Total long-term financial liabilities	$nil	$nil	$nil

Summary of Quarterly Results

The Company's quarterly information in the table below is prepared in accordance with IFRS.

Three Months Ended	Total Revenue ($)	Profit or Loss Total ($)	Profit or Loss Per Share ($)	Total Assets ($)
June 30, 2018	21,120	(441,054)	(0.01)	113,527
March 31, 2018	5,749	(294,540)	(0.01)	303,035
December 31, 2017	6,162	(173,148)	(0.00)	119,925
September 30, 2017	9,375	(194,492)	(0.01)	59,088
June 30, 2017	11,218	(194,155)	(0.01)	63,211
March 31, 2017	17,218	(165,767)	(0.00)	60,341

Quarterly information is not provided for the three months ended December 31, 2016 and September 30, 2016 as it is prior to the Company becoming a reporting issuer and the Company has not prepared financial statements for those quarters.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, warrants, contributed surplus and deficit, which at June 30, 2018 totaled $(2,252,100) (December 31, 2017 - $(1,793,857), December 31, 2016 - $(1,350,359)).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company 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 Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

During the period ended June 30, 2018, the Company entered into a letter of intent with Revelstoke Equity Inc. in respect of a proposed transaction pursuant to which Revelstoke and Zonetail are expected to combine their business operations. Upon completion of the Transaction, the combined will continue to carry on the business of Zonetail. It is expected that upon completion of the Transaction, the Resulting Issuer will meet the Initial Listing Requirements for a Tier 2 Technology issuer under the policies of the TSX Venture Exchange.

Revelstoke is a "capital pool company" under the policies of the Exchange and it is intended that the Transaction will constitute the "Qualifying Transaction" of Revelstoke, as such term is defined in Exchange Policy 2.4 – Capital Pool Companies. Revelstoke is currently listed on the NEX board of the Exchange and is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

It is currently anticipated that the Transaction will occur as a three-cornered amalgamation between Zonetail, Revelstoke and a to be incorporated wholly-owned subsidiary of Revelstoke ("Subco"), the final structure of the Transaction being subject to receipt of tax, corporate and securities law advice for both Revelstoke and Zonetail. It is expected that the structure of the Transaction will be finalized in a definitive agreement (the "Definitive Agreement") entered into between the parties.

The Transaction is subject to regulatory approval, including the approval of the Exchange, and the satisfaction of customary closing conditions, including the approval of the Definitive Agreement and the Transaction by the board directors of each of Revelstoke and Zonetail and completion of due diligence investigations to the satisfaction of each of Revelstoke and Zonetail. The Transaction will be carried out by parties dealing at arm's length to one another and therefore will not be considered to be a "Non-Arm's Length Qualifying Transaction", as such term is defined under the policies of the Exchange.

Discussion of Operations

Year ended December 31, 2017, compared to the year ended December 31, 2016

The Company's net loss totalled $727,562 for the year ended December 31, 2017, compared to $1,508,067 for the year ended December 31, 2016. The decrease in net loss of $780,505 is principally the result of the following:

- Salaries decreased to $257,606 for the year ended December 31, 2017, compared to $629,559 for the year ended December 31, 2016. The decrease was mainly the result of decreased employees and decreased salaries due to cost cutting measures put into place in 2017 to conserve liquidity.

- Software development expense decreased to $34,532 for the year ended December 31, 2017, compared to $179,255 for the year ended December 31, 2016. The decrease was mainly the result of cost cutting measures put into place in 2017 to conserve liquidity.

- Interest increased to $353,112 for the year ended December 31, 2017, compared to $137,868 for the year ended December 31, 2016. The increase was the result of increased interest and accretion on convertible debentures issued in 2016 and 2017.

- The Company incurred a gain on settlement of accounts payable of $122,869 for the year ended December 31, 2017 as a result of vendors agreeing to settle outstanding balances for less than their carrying value.

- The Company had stock based compensation of $140,971 for the year ended December 31, 2016 as a result of stock options granted in 2016 versus none in 2017.

- Change in derivative liability increased to a gain of $99,504 for the year ended December 31, 2017, compared to a gain of $24,712 for the year ended December 31, 2016. The gain is the result of the changes in the derivative liabilities for warrants and debentures.

Three months ended June 30, 2018, compared to the three months ended June 30, 2017

The Company's net loss totalled $441,054 for the three months ended June 30, 2018, compared to $194,155 for the three months ended June 30, 2017. The increase in net loss of $246,899 is principally the result of the following:

- Professional fees increased to $219,064 for the three months ended June 30, 2018, compared to $9,991 for the three months ended June 30, 2017. The increase was mainly the result of professional fees related to the Transaction as well as cost cutting measures put into place in 2017 to conserve liquidity.

- Interest increased to $193,783 for the three months ended June 30, 2018, compared to $90,535 for the three months ended June 30, 2017. The increase was the result of interest and accretion on convertible debentures issued in 2016 and 2017.

- Change in derivative liability increased to a gain of $83,523 for the three months ended June 30, 2018, compared to a gain of $10,686 for the three months ended June 30, 2017. The gain is the result of the changes in the derivative liabilities for warrants and debentures.

Six months ended June 30, 2018, compared to the six months ended June 30, 2017

The Company's net loss totalled $735,594 for the six months ended June 30, 2018, compared to $359,922 for the six months ended June 30, 2017. The decrease in net loss of $375,672 is principally the result of the following:

- Professional fees increased to $334,634 for the six months ended June 30, 2018, compared to $13,898 for the six months ended June 30, 2017. The increase was mainly the result of professional fees related to the Transaction as well as cost cutting measures put into place in 2017 to conserve liquidity.

- Interest increased to $310,711 for the six months ended June 30, 2018, compared to $166,913 for the six months ended June 30, 2017. The increase was the result of interest and accretion on convertible debentures issued in 2016 and 2017.

- Change in derivative liability increased to a gain of $117,827 for the six months ended June 30, 2018, compared to a gain of $27,526 for the six months ended June 30, 2017. The gain is the result of the changes in the derivative liabilities for warrants and debentures.

Liquidity and Financial Position

Cash and cash equivalents used in operating activities was $487,913 for the year ended December 31, 2017. Operating activities were affected by a net loss of $727,562, partially offset by non-cash expenses of $153,157, and a positive change in non-cash working capital items of $86,492.

Cash and cash equivalents used in operating activities was $455,684 for the six months ended June 30, 2018. Operating activities were affected by a net loss of $735,594, partially offset by non-cash expenses of $237,699 and a positive change in non-cash working capital items of $42,211.

Cash and cash equivalents provided by financing activities was $529,482 for the year ended December 31, 2017. Financing activities were affected by proceeds from convertible debentures of $70,000, proceeds from private placements, net of costs, of $262,382 and advances received of $197,100.

Cash and cash equivalents provided by financing activities was $416,550 for the six months ended June 30, 2018. Financing activities were affected by proceeds from private placements, net of costs, of $332,000 and proceeds from subscription receipts of $100,000, partially offset by advances repaid of $15,450.

At June 30, 2018, Zonetail had $36,225 in cash and cash equivalents (December 31, 2017 - $75,359). Accounts payable and accrued liabilities were $542,767 at June 30, 2018 (December 31, 2017 - $457,516). The Company's cash and cash equivalents balance as at June 30, 2018 and December 31, 2017 is not sufficient to pay these liabilities (see "Operations Highlights" above).

As of June 30, 2018, December 31, 2017, and to the date of this MD&A, the cash resources of Zonetail are held with Canadian chartered banks. The Company's debt will convert on the Transaction and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

The Company believes that it will have sufficient cash on hand to fund its planned expenditures for the financial years ending December 31, 2018 and 2019 on the close of the Transaction. There is some flexibility in terms of the pace and timing of costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its continue operation. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for small companies remains challenging. Accordingly, the Company's financial statements have been prepared on a going concern basis. See "Risk Factors".

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company was as follows:

	Year ended December 31,	
	2017 ($)	**2016 ($)**
Salaries and benefits	105,000	183,750
Share-based payments	nil	108,300
	105,000	**292,050**

(i) As at December 31, 2017, included in accounts payable and accrued liabilities is $26,250 (December 31, 2016 - $6,823) payable for salaries and benefits.

(ii) As at December 31, 2017, the Company had advances from the Chief Executive Officer of $197,100. This amount was unsecured, non-interest bearing and due on demand.

	Three months ended June 30,		Six months ended June 30,	
	2018 ($)	**2017 ($)**	**2018 ($)**	**2017 ($)**
Salaries and benefits	26,250	26,250	52,500	52,500

(i) As at June 30, 2018, included in accounts payable and accrued liabilities is $31,000 (December 31, 2017 - $26,250) payable for salaries and benefits.

(ii) As at June 30, 2018, the Company had advances from the Chief Executive Officer of $181,650 (December 31, 2017 - $197,100). This amount was unsecured, non-interest bearing and due on demand.

(iii) The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and six months ended June 30, 2018, the Company paid or accrued professional fees of $16,161 and $17,288 (three and six months ended June 30, 2017 - $nil) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping services to the Company. As at June 30, 2018, MSSI was owed $24,756 (December 31, 2017 - $nil) with respect to services provided. See "Operations Highlights" above for subsequent conversion of $135,650 of the balance to common shares.

Change in Accounting Policies

Recent accounting pronouncements

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

Share Capital

See "Description of the Securities of Zonetail" in the attached filing statement for a description of the equity or voting securities of the Company outstanding, and securities convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

Financial Instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign currency risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk for the year ended December 31, 2017 and six months ended June 30, 2018.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and cash equivalents, notes receivable and trade and other receivables. The Company mitigates its risk by maintaining its funds with large reputable financial institutions. Management assessed the credit quality of the borrower for notes receivable. During the year ended December 31, 2017, the notes receivable was settled. In the normal course of business, the Company's trade accounts receivable are potentially exposed to credit risk from its customers. To mitigate this risk, the Company provides an allowance for doubtful accounts equal to the estimated losses expected to be incurred in the collection of trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, advances, convertible debentures and commitments. The Company limits its exposure to this risk by closely monitoring the cash flow. All liabilities are due within 1 year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company currently does not have any short-term or long-term debt that is variable interest bearing and, as such, the Company's current exposure to interest rate risk is minimal.

(b) Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

The Company has convertible debenture balances in US dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar against the Canadian dollar would affect the reported loss and comprehensive loss for the six months ended June 30, 2018 by approximately $26,000 (year ended December 31, 2017 - $22,000, year ended December 31, 2016 - $17,000).

Risk Factors

See "Risk Factors" in the attached filing statement.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements and the unaudited condensed interim consolidated financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the consolidated financial statements and the unaudited condensed interim consolidated financial statements, and (ii) the consolidated financial statements and the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

<u>EXHIBIT "E"</u>

See attached.

Zonetail Inc.

Unaudited Pro Forma Consolidated Financial Statements

(Expressed in Canadian Dollars)

June 30, 2018

Zonetail Inc.

Pro Forma Consolidated Statement of Financial Position

As at June 30, 2018

(Unaudited - Expressed in Canadian Dollars)

	Revelstoke Equity Inc.	Zonetail Inc.	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
	$	$		$	$
Assets					
Current assets					
Cash and cash equivalents	388,682	36,225	3(c)	(1,000)	
			3(d)	1,679,378	
			3(e)	325,000	
			3(i)	147,504	2,575,789
Accounts receivable	-	51,858		-	51,858
Prepaid expenses	-	11,898		-	11,898
Total current assets	388,682	99,981		2,150,882	2,639,545
Equipment	-	13,547		-	13,547
Total assets	388,682	113,528		2,150,882	2,653,092
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	16,653	542,768	3(f)	(46,562)	
			3(k)	(72,932)	439,927
Advances	-	181,650	3(c)	(181,650)	-
Convertible debentures	-	1,021,316	3(f)	(1,021,316)	-
Derivative liability	-	519,894	3(f)	(258,243)	
			3(j)	(135,921)	125,730
Promissory note	-	-	3(e)	325,000	
			3(k)	72,932	397,932
Subscription receipts payable	-	100,000	3(d)	(100,000)	-
Total liabilities	16,653	2,365,628		(1,418,692)	963,589
Equity					
Share capital	618,512	3,221,335	3(a)	682,074	
			3(b)	(618,512)	
			3(c)	180,650	
			3(d)	1,665,336	
			3(d)	40,068	
			3(e)	26,000	
			3(f)	1,326,121	
			3(f)	(343,653)	
			3(g)	500	
			3(h)	135,000	
			3(i)	147,075	7,080,506
Warrants	-	100,260	3(d)	73,974	
			3(e)	134,233	
			3(f)	343,653	
			3(i)	429	652,549
Contributed surplus	151,060	198,128	3(a)	27,524	225,652
			3(b)	(151,060)	
Deficit	(397,543)	(5,771,823)	3(a)	(337,569)	
			3(b)	397,543	
			3(e)	(26,000)	
			3(e)	(134,233)	
			3(g)	(500)	
			3(h)	(135,000)	
			3(j)	135,921	(6,269,204)
Total equity	372,029	(2,252,100)		3,569,574	1,689,503
Total equity and liabilities	388,682	113,528		2,150,882	2,653,092

See accompanying notes to the unaudited pro-forma consolidated financial statements.

1. Basis of presentation

The accompanying unaudited pro forma consolidated statement of financial position of Zonetail Inc. (“Zonetail”) has been prepared by management to reflect the amalgamation of Zonetail with Revelstoke Equity Inc. (“Revelstoke”) after giving effect to the proposed business combination (the “Transaction”) as described in Note 2.

The unaudited pro forma consolidated financial statements should be read in conjunction with related historical financial information.

The unaudited pro forma consolidated statement of financial position has been prepared using accounting policies and practices consistent with those used in the preparation of Revelstoke’s and Zonetail ’s recent financial statements, both of which are prepared under International Financial Reporting Standards (“IFRS”). In the opinion of management, the unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation.

Certain significant estimates have been made by management in the preparation of these pro forma consolidated financial statements, in particular, the fair value of the equity consideration given by Zonetail.

The unaudited pro forma consolidated statement of financial position as at June 30, 2018 has been compiled from:

- The statement of financial position of Revelstoke as at June 30, 2018 obtained from the audited financial statements of Revelstoke for the year ended June 30, 2018.
- The statement of financial position of Zonetail as at June 30, 2018 obtained from the unaudited condensed interim consolidated financial statements of Zonetail for the three and six months ended June 30, 2018.

The unaudited pro forma consolidated statement of financial position has been prepared as if the transaction had occurred as of June 30, 2018. The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated.

2. Transaction

It is currently anticipated that the Transaction will occur as a three-cornered amalgamation between Zonetail, Revelstoke and a to be incorporated wholly-owned subsidiary of Revelstoke (“Subco”). Zonetail and Subco will amalgamate and will continue as one corporation named Zonetail Inc. (referred to as “Amalco”). Amalco and Revelstoke will amalgamate and the corporate name of the Resulting Issuer will be “Zonetail Inc.”. The final structure of the Transaction being subject to receipt of tax, corporate and securities law advice for both the Revelstoke and Zonetail. It is expected that the structure of the Transaction will be finalized in a definitive agreement (the “Definitive Agreement”) entered into between the parties.

(Expressed in Canadian dollars)

2. Transaction (continued)

Pursuant to the Transaction, holders of the issued and outstanding common shares in the capital of Revelstoke ("Revelstoke Shares") will receive 1 common share in the capital of the Resulting Issuer for every Revelstoke Share. Holders of one Zonetail common share will receive one common share of the Resulting Issuer. In addition, each Zonetail option and Zonetail warrant outstanding immediately before the completion of the Merger shall entitle the holder thereof to receive that number of Resulting Issuer Options or Resulting Issuer Warrants, as applicable, with such Resulting Issuer Options and such Resulting Issuer Warrants having substantially the same terms as the Zonetail Option and Zonetail Warrant, as the case may be.

As a result of the transaction, the former shareholders of Zonetail will own approximately 74.8% of the outstanding shares of the Resulting Issuer, former shareholders of Revelstoke will hold approximately 6.1% of the Resulting Issuer, purchasers of the Subscription Receipts, as defined below, will hold approximately 17.8% of the Resulting Issuer and purchasers of the additional financing will hold 1.3% (see note 3(i) below). The substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business acquisition as Revelstoke does not meet the definition of a business under IFRS. As a result, the transaction is accounted for as a capital transaction with Zonetail being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting consolidated financial statements are presented as a continuance of Zonetail. Revelstoke will be renamed Zonetail Inc. concurrent with closing. All costs associated with the Transaction and completion of the Transaction have been expensed.

3. Pro forma assumptions and adjustments

(a)	Issuance of common shares (1)	$	682,074
	Issuance of options (2)		27,524
	Total consideration paid	$	709,598
	Cash	$	388,682
	Accounts payable and accrued liabilities		(16,653)
	Revelstoke net assets received	$	372,029
	Listing expense	$	337,569

(1) The 3,789,300 common shares of former Revelstoke shareholders have an assigned value of $0.18 per share based on based on the value of subscription receipts issued by Zonetail subsequent to June 30, 2018.

(2) The fair value of the options was estimated to be $27,524 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.18, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate – 1.91%; and an expected life - 1 year.

(3) The book value of Revelstoke assets and liabilities is assumed to equal fair value unless otherwise noted.

3. Pro forma assumptions and adjustments (continued)

(b) Book values of Revelstoke's share capital, contributed surplus and deficit are eliminated on the closing.

(c) Subsequent to June 30, 2018, advances of $180,650 were converted to common shares at a value of $0.18 and $1,000 of advances were repaid.

(d) Subsequent to June 30, 2018, the Company closed a brokered private placement of 11,130,092 subscription receipts of Zonetail ("Subscription Receipts") at a price of $0.18 per Subscription Receipt

In connection with the private placement, the Agents are entitled to a cash commission of $131,373. The Agents were also granted 774,296 warrants ("Agents' Warrants") to acquire that number of Zonetail common shares. Each Agents' Warrant will be exercisable at $0.18 per Zonetail Share (or if exercised after closing of the Transaction, per Resulting Issuer Share), from the Closing Date and for a period of 24 months from the Escrow Release Date. In consideration of the Agents' services in connection with the coordination and review of the private placement, Zonetail issued to the Agents 222,602 Zonetail common shares (valued at $40,068). In addition to the foregoing compensation, Zonetail will also pay to the Agents a fee equal to $8,000 plus applicable tax; and reimburse expenses of $84,500.

Each Subscription Receipt will be automatically exchanged immediately prior to the completion of the Transaction (without any further action by the holder of such Subscription Receipt and for no further payment) for common shares of Zonetail, each of which shall be exchangeable into one common share of the Resulting Issuer, upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). The proceeds from the private placement less $100,000.08 pursuant to a subscription settling directly with Zonetail ("Escrowed Funds") have been deposited in escrow pursuant to a subscription receipt agreement dated July 13, 2018 (the "Subscription Receipt Agreement") between Zonetail, Gravitas and TSX Trust Company, as registrar and transfer agent for the Subscription Receipts and as escrow agent to receive the Escrowed Funds. If the Escrow Release Conditions are not satisfied, the Escrowed Funds will be returned to the subscribers of the private placement in accordance with the Subscription Receipt Agreement.

The fair value of the Agents' Warrants was estimated to be $73,974 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.18, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.91%; and an expected life - 2 years.

(e) Subsequent to June 30, 2018, the Company entered into an unsecured promissory note of $325,000, bearing interest at 18% (8% to be settled with 144,444 common shares and 10% to be settled in cash), and to be repaid in November 2019. The Company also issued 1,805,555 warrants exercisable at $0.18 until August 20, 2019.

The fair value of the warrants was estimated to be $134,233 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.18, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.91%; and an expected life – 1.1 years.

3. Pro forma assumptions and adjustments (continued)

(f) All convertible debenture holders agreed to convert the principal and accrued interest on the Liquidity Event, as defined below, into one common share and one common share purchase warrant exercisable at $0.25 for 1 year from the Liquidity Event at an assigned value of $0.18. As a result, the Company was required to issue 238,889 penalty common shares to a holder (158,889 issued subsequent to June 30, 2018 and valued at nil).

Liquidity Event means any one of: (i) completion of a going public transaction whether effected by way of a reverse takeover transaction with an issuer listed on the TSX Venture Exchange (including without limitation the NEX board of the TSX Venture Exchange) or any other recognized stock exchange in Canada or the United States (which may but need not consist of a Qualifying Transaction (as defined in the policies of the TSX Venture Exchange)) whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction; (ii) the listing and posting for trading of the Company's common shares on the Toronto Stock Exchange or any other recognized stock exchange in Canada or the United States; or (iii) the completion of a transaction in which all of the outstanding shares of the Company, or all or substantially all of the assets of the Company, are acquired by a person or entity that is at "arm's length" (as defined in the Income Tax Act (Canada)) to the Company, whether by way of share or asset purchase and sale, business combination, merger, amalgamation, plan of arrangement or similar form of transaction.

The fair value of the warrants was estimated to be $343,653 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.18, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.91%; and an expected life – 1 year.

(g) Subsequent to June 30, 2018, the Company issued 2,500 common shares, with a fair value of $500, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(h) Subsequent to June 30, 2018, the Company issued 750,000 common shares, with a fair value of $135,000, in exchange for services rendered. The valuation was based on the fair value of the shares issued.

(i) Subsequent to June 30, 2018, the Company received subscription agreements for an additional 833,356 common shares for aggregate gross proceeds of $150,004 at $0.18 per common share. As part of the closing of the subscription agreements, the Company will be required to pay finders fees' of $2,500 and issue 13,888 finders' warrants exercisable at $0.25 for 6 months from closing.

The fair value of the warrants was estimated to be $429 using the Black-Scholes option pricing model with the following weighted average assumptions share price - $0.18, dividend yield - 0%; expected volatility (based on comparative companies) - 100%; risk-free interest rate -1.91%; and an expected life – 0.5 years.

(j) On the Liquidity Event, 2,251,200 warrants, which are considered to be a derivative liability, will expire if not exercised.

(Expressed in Canadian dollars)

3. Pro forma assumptions and adjustments (continued)

(k) Subsequent to June 30, 2018, the Company issued an unsecured, non-interest bearing promissory notes totalling $72,932 for outstanding trade payables.

4. Pro forma share capital

(a) The following table summarizes the pro-forma share capital:

	Note	Number	Amount
Revelstoke common shares issued and outstanding June 30, 2018		3,789,300	$ 618,512
Zonetail common shares issued and outstanding June 30, 2018		38,116,374	3,221,335
Issuance of common shares pursuant to the Transaction	3(a)	3,789,300	682,074
Elimination of Revelstoke common shares pursuant to the Transaction	3(b)	(3,789,300)	(618,512)
Issuance of common shares for advances	3(c)	753,611	180,650
Issuance of common shares for Subscription Receipts	3(d)	11,130,092	1,665,336
Issuance of common shares for finders' fees	3(d)	222,602	40,068
Issuance of common shares for interest	3(e)	144,444	26,000
Issuance of units for convertible debentures	3(f)	6,621,762	1,326,121
Valuation of warrants	3(f)		(343,653)
Issuance of penalty shares	3(f)	158,889	-
Issuance of common shares for services	3(g)	2,500	500
Issuance of common shares for services	3(h)	750,000	135,000
Issuance of common shares in private placement	3(i)	833,356	147,075
		62,522,930	$ 7,080,506