Katipult Technology Corp.

(“FUND” on the TSXV)

Management Discussion and Analysis

For The Year Ended December 31, 2017

Special Note Regarding Forward Looking Information

This Management Discussion & Analysis ("MD&A") is intended to provide readers with the information that management believes is required to gain an understanding of the current results of Katipult Technology Corp. (the "Company" or "Katipult") and to assess the Company's future prospects. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on future prospects. Readers are cautioned that actual events and results will vary.

In this MD&A we describe certain income and expense items that are unusual or non-recurring. There are terms not defined by International Financial Reporting Standards (IFRS). Our usage of these terms may vary from the usage adopted by other companies. Specifically, *Gross profit, Gross Margin* and *Cash flow from operations* are undefined terms by IFRS. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results.

Certain statements in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. These include, without limitation, the Company's current and planned operations in the financial technology ("fintech") sector and the expected results of new operations and new clients. These statements are based on current expectations involving a number of risks and uncertainties related to all aspects of the fintech sector. These risks and uncertainties include, but are not restricted to, continued increased demand for the Company's products, the Company's ability to maintain its technological and competitive advantages, the Company's ability to attract and retain key employees, the ability of the Company to take advantage of its intellectual property, the Company's ability to raise capital on acceptable terms when needed and the availability of key suppliers and contractors. These uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. The reader is cautioned not to rely on these forward-looking statements. The Company assumes no obligation to update forward-looking statements should circumstances or Management's estimates or opinions change except as required by securities laws.

The following MD&A is presented and dated as of April 27, 2018 and should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2017. The Company's audited consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The operations of the Company have been primarily funded through private placements of equity and cash flow from operations. The continued operations of the Company are dependent on the Company's ability to raise capital in the short term on terms acceptable to the Company and to generate profitable operations in the future, develop and execute a sufficient financing plan for future operations and receive continued financial support from shareholders.

The consolidated financial statements do not reflect the adjustments, if any, or changes in presentation that may be necessary should the Company not be able to continue on a going concern basis. Additional information relating to Katipult is located on SEDAR at www.sedar.com or the Company's website (www.katipult.com).

All currency amounts in the accompanying financial statements and this management discussion and analysis are in Canadian dollars unless otherwise noted.

Core Business and Strategy

Katipult Technology Corp. (formerly Deha Capital Corp.) (the "Company" or "Katipult") is a technology company that is pursuing to become a global leader in the financial compliance software and software related services. The Company is incorporated under the British Columbia Business Corporations Act and has its registered office at Suite 600 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

Katipult's JOI Media ("JOI") operating subsidiary started as a custom web development company that was incorporated on June 30, 2008 in the Province of Alberta.

The main business of the Company is to operate as a financial technology company offering a cloud-based software infrastructure that allows firms to design, set up and operate an investment platform ("the Platform"). The Platform includes features and functionality that enables firms to offer securities on a prospectus-exempt basis to various types of investors. The Platform automates many components of investor and investment management including components of financial transactions, investment marketing, and dividend payouts as well as managing regulatory requirements in a variety of geographic jurisdictions.

Katipult works with its customers to customize the Platform during setup and integration in order to design a white-labeled, customer-facing website that has the functionality of the Platform. The Platform includes modules for various user types, including investors, issuers, administrators and auditors, among others. Administrators selected by customers from their staff are provided with a content management system which allows them the ability to manipulate content on the Platform.

The Company provides is proprietary software through a "Software As A Service" ("SAAS") business model. The SAAS business model is well suited for cloud-based software solutions, especially ones that have a compelling ongoing need – or stickiness – like Katipult's products.

In exchange for a monthly subscription fee, customers benefit from software updates, new features and technical support. The Company also earns revenue through one-time set up fees. The set-up fee varies depending on the size and complexity of the customer. While the revenues earned through the set-up fees are significant, management is exploring the possibility of eliminating these one-time fees in exchange for higher recurring subscription fees. Management believes that eliminating the set-up fees will reduce upfront friction to adoption, speed up the sell cycle and result in higher recurring revenues thereby a return to shareholders.

Historically, the Company generated a small amount of revenue from professional services related to consulting arrangements. Management eliminated this service in the latter half of 2017 so to keep the existing focus on growing the monthly subscription fees.

The emphasis of 2016 and the first quarter of 2017 was to build an industry leading, robust software platform that could scale easily and quickly. The Company worked with a number of early adopters and brought on clients willing to help beta test the solution. Many of these clients were start-ups themselves and provided valuable insight and feedback. However, as the Company's focus was on product development and not sales, the Company did not well defined collections procedures, and accounting and controls infrastructure in place to ensure timely receipt of receivables. As the product matured and stabilized, Katipult's reach further expanded to clients in the US, Canada, UK, and Singapore.

The Company had done very little outbound sales and marketing promotional activities and yet clients around the world were reaching to the Company through its website. It became evident to Management that resources needed to be raised to execute a carefully designed sales and marketing strategy to capitalize on industry demand for its product. While the Company remained committed to enhancing its software through additional features like the automated form builder, the configuration builder and BlockChain implementation, the Company expended efforts to build out a customer centric support system, reorganized its software development team to be more conducive to respond to scale, built a more robust administrative and accounting infrastructure and put focused energy into developing strategies and funding plans to implement an aggressive sales and marketing strategy. While these additional and necessary activities increased the expense in 2017, Management is of the opinion the Company is much more prepared to meet the challenges of rapid growth as a result.

Management determined the best course of action to secure additional capital, grow its brand and expand its reach was to secure a public listing on a reputable exchange. To that end, a reverse takeover transaction was completed on August 17, 2017. Following completion of the transaction, and pursuant to completion of certain conditions precedent, including receipt of all necessary director, shareholder, regulatory and TSX Venture Exchange ("TSXV") approvals, the Company listed on the TSXV on November 15, 2017 and trades under the symbol "FUND". The Company incurred significant listing expenses to complete the process but is now well positioned to execute on its business plan.

Additional information relating to the Company may be found on SEDAR at www.sedar.com and at the Company's website, www.katipult.com.

2017 Highlights

- **2017 Total Revenues Increase by 42.5%; Recurring Revenues Increase by 54.5%**

2017 was milestone year for Katipult. The software builds of the product stabilized, and platforms were launched, initially in Beta mode and then as a full commercial product. The product is being well received and despite of putting minimal marketing efforts, the positive experience of current customers has organically increased the customer and recurring revenue base. 2017 Revenues increased by over $339,000 from $797,462 to $1,136,467 and more importantly recurring revenue increased by 54.5% from $317,905 in 2016 to $491,214. Management believes this is validation that the product has been well received and the market need is significant.

- **Gross Margins Remain Greater Than 70% Despite Significant Revenue Growth**

The significant increase in revenues has not materially deteriorated the fairly healthy margins the Company has been able to retain. The Company has not faced many situations where its current subscription pricing has been a barrier to entry or where competitive pressures have required offering a lower price. However, the significant onetime upfront fee has faced some resistance. The modest erosion in margins has been the result of a stepped function profile of many of the COGS related software costs and additional effort that was spent on building out a more robust support and delivery infrastructure. Management has identified additional opportunities to improve the margins and intends to implement these savings over the course of 2018.

- **Company Focus Shifted from R&D to Sales and Marketing**

After many beta site iterations and multi-jurisdictional installations, the Company has achieved a stable product offering with an impressive list of functions and features that Management believes to be best in class. With this stable, feature rich offering, Management started to put into place policies, procedures, and initiatives to develop, build out and execute a sales and marketing strategy. The Company has put into place a more robust customer support infrastructure, has met with a number of early adopters to solicit their support to be a reference site, met with possible salespeople and developed a plan to raise the necessary funds to execute a sales and marketing driven organization in 2018.

- **Company secures additional clients in Canada, US, UK and Singapore**

Securing additional clients in key geographies was an important milestone achieved by the Company in 2017. These new clients were important for revenue and continued validation of the technology, but more importantly they demonstrate that the Company's product has a global need and the Company, and its product is able to meet multi-jurisdictional requirements and provide support around the world. The Company intends to use these clients as luminary sites that can be leveraged to gain access to additional clients in their respective geography.

- **Company Initiated Implementation of Blockchain Technology into its Product Offering**

To position itself with a 1st mover advantage, the Company began strategic planning and implementation of Blockchain technology to increase automation, eliminate costs, and remove barriers to cross border operations. Leveraging this new and emerging technology, the Company expects to significantly grow its vertical migration abilities, increase market share, and introduce new product revenue.

- **Completes RTO transaction and commences trading on TSXV (symbol FUND)**

Following a Reverse Takeover (RTO) transaction, the common shares of Katipult commenced trading on the TSXV effective November 15 under the symbol FUND. While the costs related to securing a listing were significant, this initiative was strategically important to Katipult. It now has the vehicle, credibility, and reach to execute its sales expansion plans. In addition, the go public transaction has allowed the company to recruit an experienced Board of Directors and other strategic advisors.

Selected Annual Financial Information

The following selected financial data has been extracted from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, for the fiscal years indicated and should be read in conjunction with those audited financial statements

	31-Dec-17	31-Dec-16
Total revenues	**$1,136,467**	**$797,462**
Gross Profit (as a % of revenues)	**71.2%**	**78.7%**
Net (loss) income before income taxes	**$(1,131,913)**	**$161,823**
Net loss per share ($)		
- Basic	**-0.03**	21.07
- Diluted	**-0.03**	21.07
Change in cash and cash equivalents	**156,739**	-29,413
Total assets	**430,241**	422,522
Working capital	**192,183**	334,005
Total non-current liabilities	**-**	7,552
Shareholder’s equity	**195,763**	330,033
Number of shares outstanding	**62,277,000**	6,666

Results of Operations

Revenue	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
Setup fees	**$ 645,153**	$ 425,361
Subscription fees	**491,314**	317,905
Other services	**-**	54,196
Total revenue	**$1,136,467**	$ 797,462

Total revenue for the year ended December 31, 2017 increased by $339,005 or 42.5% as compared to the same period in 2016. The increase in revenue is due to the Company being able to meet the inbound requests as its product achieved stability and scalability. Set Up fees increased by $219,792 (51.7% growth) year over year. The Company charges a one-time set up fee to new clients. The amount charged varies based on the clients needs and complexity. The significant year over year growth demonstrates the momentum the Company is building as it starts to execute a more sales and marketing focused plan. Subscription fees are monthly recurring fees charged to clients for software updates, new features and technical support. These recurring fees increased by 54.5% in 2017 as compared to 2016. While the Set-up fees make up a significant portion of the 2016 and 2017 revenues, Management is focused on growing the monthly subscription fees and is exploring the option of eliminating the one-time set-up fee for a higher monthly recurring subscription fee. Management believes the elimination of the set-up fee will not only speed up the selling cycle but will ultimately result in higher revenues and margins in the future. Revenue generated in 2016 from other services is the result of providing consulting services to clients. The Company eliminated offering this service in 2017 as it focused all its available technical resources to completing the product buildout and preparing for a larger scale launch.

Cost Of Sales / Gross Margin	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
Cost of sales ($)	**(327,603)**	(169,464)
Gross Profit ($)	**808,864**	627,998
Gross Margin (%)	**71.2%**	78.7%

Gross profit is the difference between the revenue received and the direct cost of that revenue. Gross margin is gross profit divided by revenue and is often presented as a percent. As a result of higher sales, the Company's Gross Profit increased by $180,866 or 28.8%. As a percentage of sales, gross margin decreased from 78.7% in 2016 to 71.2% in 2017. The lower gross margins realized in 2017 was the result of the fact that many of the Company's costs for delivering the product, especially software and hosting, have a stepped function profile. As the number of clients increases, the Company need to purchase more services, which are often offered in larger blocks. In addition, in 2017 much more effort was spent on building out a more robust support and delivery infrastructure. Management believes these investments were important and necessary and has identified other improvement opportunities that may require additional investment but will result in improved margins in the long run.

Selling, General and Administrative (SG&A)	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
Advertising	**46,596**	14,662
Bank charges and interest	**22,979**	14,413
Other operating expenses	**44,279**	34,845
Government grant	**6,706**	-64,143
Travel	**54,105**	30,741
Wages, benefits and subcontractor fees	**858,487**	434,265
Total	**1,033,152**	464,783

Selling, General and Administrative expenses in 2017 increased by 122%, from $464,783 in 2016 to $1,033,152. The largest contributor to the increase is human resource related costs. The main reason for the increase was to transition the Company from an R&D focus to a sales and marketing focus which required resources to stabilize the product for scaleup and commercial deployments, build out of a support and administrative infrastructure and development of more external facing sales and marketing materials. With that, the other SG&A expenses, including advertising, other operating expenses and travel increased. Bank charges increased due to additional transactions from both a sales and expense perspective. Finally, the 2016 expenses had a material offset as a result of government grants received during that year. In 2017 a small portion of that grant had to be reversed as it was over accrued in 2016.

Professional Fees and Public Company Expenses	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
Professional fees	**213,343**	2,548
Transfer agent and filing fees	**36,852**	
Total	**250,195**	2,548

As was mentioned earlier, the Company became a listed issuer on the TSXV in Q4 2017. As result of the listing, the Company incurred significant accounting, audit, legal and other advisory service fees. No such fees were required in 2016.

Bad Debts Expense	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
Bad debt expense	**168,819**	-

The emphasis of 2016 and most of 2017 was to build an industry leading, robust software platform that could scale easily and quickly. The Company worked with a number of early adopters and brought on clients willing to help beta test the solution. Many of these clients were start-ups themselves and provided valuable insight and feedback. However, as the Company’s focus was on product development and not sales, the Company did not have well defined collections procedures, and accounting and controls infrastructure in place to ensure timely receipt of receivables. While the Company believes that some of these receivables may be ultimately collected, Management has taken a conservative approach and booked an allowance for the at-risk clients. The Company has either put into, or is in the process of putting into, processes that mitigate much of this risk in the future including more robust contracts, timelier follow-up, credit checks where available, and termination of service consequences that take effect much sooner.

Share Based Compensation	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
Share-based compensation	**41,251**	-

The Company has adopted a stock option plan whereby a maximum of 10% of the issued and outstanding Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the Stock Option Plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Company; and (ii) employees, officers, directors, and consultants of an affiliate of the Company.

On August 25, November 6 and November 15, 2017, the Company issued 2,935,000, 30,000 and 150,000 options respectively to executive officers, directors, consultants and employees. The options issued on August 25 and November 6 are exercisable to purchase one common share of the Company at a price of $0.10 per share until dates ranging from August 25, 2017 to November 6, 2022. The 150,000 options that were issued on November 15, 2017 are exercisable to purchase one common share at a price of $0.20 per share until November 15, 2022. No options have been exercised to date.

Net Loss and Comprehensive Loss	Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016
(Loss) income from operations	**(684,553)**	160,667
Foreign exchange gain (loss)	**403**	
Listing expense	**(449,260)**	-
Interest and other income	**1,497**	3,050
Net (loss) income before income taxes	**(1,131,913)**	161,823
Income tax recovery (expense)	**7,552**	-21,370
Total comprehensive (loss) income	**(1,124,361)**	140,453

For the twelve months ended December 31, 2017, the Company recorded a comprehensive loss of $1,115,479 compared to a comprehensive income of $140,453 in 2012. The increased loss was the result of higher expenses (discussed above) partially offset by a higher gross profit. The Company received Scientific Research and Experimental Development tax credit in 2016, the 2017 application has not yet been approved and as such has been omitted.

Selected Quarterly Information

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards.

In Q4, 2017, the Company recorded revenues of $359,234, an increase of $130,710 or 57% as compared to similar quarter in 2016. Most of the increase can be attributed to higher set-up fees which should translate into higher monthly recurring subscription fees in the future. The Company was able to maintain a 75% gross margin. Operating expenses significantly increased during Q4 2017 ($615,436 compared to 81,927 for the same period last year). The increase was related to higher professional and public company expenses, higher bad debts expense and higher selling and general administrative expenses as the Company transitioned to a more sales-oriented company.

	Q4 2017	Q3 2017	Q2 2017	Q1 2017
	$	$	$	$
Revenue	**359,234**	224,842	340,906	211,485
Cost of goods sold	**(89,228)**	(85,259)	(77,700)	(75,416)
Gross Profit	**270,006**	139,583	263,206	136,069
Gross Margin (%)	**75.2%**	62.1%	77.2%	64.3%
Share based compensation (non-cash)	**49,931**	(91,182)	-	-
Operating expenses	**(615,436)**	(353,143)	318,605	164,982
Net operating income (loss)	**(295,499)**	(304,742)	(55,399)	(28,913)
Interest and other income	**513**	984	-	-
Foreign exchange gain (loss)	**9,255**	(5,664)	(2,336)	(852)
Listing expense	**34,560**	(483,820)	-	-
Net income (loss) before taxes	**(251,171)**	(793,242)	(57,735)	(29,765)

	Q4 2016	Q3 2016	Q2 2016	Q1 2016
	$	$	$	$
Revenue	228,524	189,881	211,010	168,047
Cost of goods sold	(56,176)	(45,657	(40,659	(26,972)
Gross Profit	172,348	144,224	170,351	141,075
Gross Margin %	75.4%	76.0%	80.7%	83.9%
Share based compensation (non-cash)	-	-	-	-
Operating expenses	(81,927)	(140,591)	123,155	(121,660)
Net operating income (loss)	90,421	3,633	47,198	19,415
Interest and other income	-	3,012	38	-
Foreign exchange gain (loss)	480	(176)	(1,662)	(536)
Listing expense	-	-	-	-
Net income (loss) before taxes	90,901	6,469	45,574	18,879

Liquidity and Capital Resources

As the Company has no loans, the Company's liquidity risk is on its accounts payable and accrued liabilities, as it may encounter difficulty discharging its obligations. The Company attempts to mitigate this risk by managing its working capital. As at December 31, 2017, the Company has a positive working capital of $192,183 (December 31, 2016 $334,005).

Given the cash burn of the Company and currently available liquid resources, the continued operations of the Company will require the Company to raise additional capital in the near term and/or to adjust operating expenses. Management is actively pursuing a number of financing options, although there can be no assurance that adequate financing will be secured on terms acceptable to the Company, and is also making appropriate plans to adjust the scale of the Company's operations should this prove necessary

The Company considers the items included in capital to include shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic and business conditions, financing environment and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, new debt, or scale back the size and nature of its operations. The Company is not subject to externally imposed capital requirements. As at December 31, 2017, shareholders' equity was $195,763 (December 31, 2016 - $330,033).

Off-Balance Sheet Arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

Contractual Obligations

As of December 31, 2017, and as of the date of this MD&A, and in the normal course of business, the Company has no material obligations to make future payments, representing contracts and other commitments that are known and committed.

Related Party Transactions

All the Company's related party transactions are in the normal course of business and are initially measured at fair value.

The following is a summary of the Company's related party balances or transactions:

Related party balances

Amounts due to shareholders of $ nil (December 31, 2016 - $27,741) are due on demand, bear no interest and have no fixed repayment terms.

As at December 31, 2017, $8,694 (December 31, 2016 - $3,000) included in accounts payable and accrued liabilities was payable to an officer and a company controlled by an officer of the Company. Amounts payable to related parties are due on demand, bear no interest and have no fixed repayment terms.

Key management compensation

Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management for the year ended December 31, 2017 and 2016 included:

	2017	2016
Salaries and short-term employee benefits	**$ 338,849**	$ 92,849

Share – based compensation	**29,778**	-
Total	**$ 368,627**	$ 92,849

Share Capital

Katipult shares trade on the TSX Venture Exchange under the symbol FUND.

Shares outstanding and dilutive instruments as at the date hereof are as follows:

	April 27, 2018	December 31, 2017	December 31, 2016
Shares Outstanding	65,377,000	62,277,000	6,666
Warrants	2,100,000	5,200,000	0
Stock Option Plan	3,105,000	3,105,000	0
	70,582,000	70,582,000	6,666

Warrants

Prior to completion of the RTO (see note 5 of the audited financial statements) the Company had 5,200,000 warrants outstanding. Each warrant requires the holder thereof to purchase one additional common share at a price of $0.10 on or before the date that is six months following the listing date of November 15, 2017. The warrants expire on May 15, 2018. At December 31, 2017, 5,200,000 warrants were outstanding and exercisable. Subsequent to year end, 3,100,000 warrants were exercised.

Options

The following table summarizes the Company's options:

	Share options	Weighted average exercise price	Expiry date
	#	$	
August 25, 2017	2,935,000	0.10	August 25, 2022
November 6, 2017	30,000	0.10	November 6, 2022
November 15, 2017	150,000	0.20	November 15, 2022
Outstanding at December 31, 2017	3,115,000	0.10	
Exercisable at December 31, 2017	307,500		

Critical Accounting Policies and Estimates

Note 3 of the audited consolidated financial statements for the year ended December 31, 2017 describe fully the significant accounting policies used in preparing the financial statements.

Measurement Uncertainty (Use of Estimates)

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

a. SR&ED tax credits

The determination of the amount of the Alberta SR&ED tax credit receivable requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government agencies. Although the Company has used its best judgment and understanding of the related program agreements in determining the receivable amount, it is possible that the amounts could increase or decrease by a material amount in the near-term dependent on the review and audit by the government agency.

b. Allowance for uncollectible trade and other receivables

The Company makes use of estimates when making allowances for uncollectible trade and other receivables. The Company evaluates each receivable at year end using factors such as age of receivable, payment history, and credit risk to estimate when determining if an allowance is required, and the amount of the allowance.

c. Deferred taxes

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or nonoccurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

d. Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected lives and forfeiture rates of the share options, volatility of the market value of the underlying shares and dividend yield of the share options.

Future Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date.

1. IFRS 9, Financial Instruments

In July 2014, the IASB completed the final elements of IFRS 9. The standard supersedes earlier version of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9, as amended, includes a principle based approach for classification and measurement of financial assets, as single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company has completed an initial assessment and does not expect the standard to have a material impact on the consolidated financial statements

2. IFRS 15, Revenue from Contract with Customers

The IASB issued the standard to replace IAS 18 which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company has completed an initial assessment and does not expect the standard to have a material impact on the consolidated financial statements.

3. IFRS 16, Leases

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligation to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the standard on its financial statements.

Business Risks

In the normal course of business the Company's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. The activities of the Company are subject to ongoing operational risks including the performance of key suppliers, product performance, and government and other industry regulations and reliance on information systems, all of which may affect the ability of the Company to meet its obligations. While management believes its innovation and technology make it a leader in the industry, revenue and results may be affected if products are not accepted in the market place, are not approved by regulatory authorities, or if products are not brought to market in a timely manner.

Ability to Manage Future Growth

Future growth, if any, may cause a significant strain on the Company's management and its operational, financial, human and other resources. The Company's ability to manage growth effectively will require it to implement and improve operational, financial, software development and management information systems and to expand, train, manage and motivate employees. These demands may require the addition of management and other personnel and the development of additional expertise. Any increase in resources devoted to research, product development and marketing and sales efforts without a corresponding increase in operational, financial, product development and management information systems could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth. The Company is exposed to a variety of financial risks by virtue of its activities, including currency risk, credit risk, and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Credit risk

The Company has the following exposure to credit risk and is set out as follows:

	December 31, 2017	December 31, 2016
	$	$
Cash	**345,099**	188,360
Trade and other receivables	**76,029**	61,868
Marketable security	**-**	120,000
	421,128	370,228

Credit and liquidity risk associated with cash and the marketable security is managed by ensuring assets are placed with major financial institutions with strong investment grade ratings.

Credit risk on trade and other receivables reflects the risk that the Company may be unable to recover them. The Company manages its credit risk by closely monitoring the granting of credit. Trade and other receivables that are greater than 30 days are considered past due. Based on the status of trade and other receivables, an allowance for doubtful accounts of $168,819 has been recorded as at December 31, 2017 (December 31, 2016 - $nil). The allowance for doubtful accounts that are over 90 days that are attributable to this allowance is $157,597, with the remaining $11,222 being less than 90 days outstanding.

The aging of trade and other receivables as at December 31, 2017 is as follows:

	December 31, 2017	December 31, 2016
	$	$
Current	**8,881**	24,742
1 – 30 days	**37,276**	33,453
31 – 60 days	**16,447**	725
61 – 90 days	**15,890**	1,912
91 and over	**166,354**	1,036
Total	**244,848**	61,868
Allowance for doubtful accounts	**(168,819)**	-
Total trade receivables	**(76,029)**	61,860

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to minimal interest rate risk on its cash balances as they carry a floating rate of interest.

Foreign currency risk

The Company does engage in significant transactions and activities in currencies other than its functional currency. Depending on the timing of the transactions and the applicable currency exchange rates such conversions may positively or negatively impact the Company. Foreign currency balances, subject to exchange rate fluctuations, were as follows (amounts shown in Canadian dollar equivalent):

	December 31 2017 $	December 31 2016 $
Cash	**243,979**	143,913
Trade and other receivables	**213,160**	24,910
Accounts payable and accrued liabilities	**(65,292)**	-
Total	**391,847**	168,823

The following table demonstrates the sensitivity of the Company's total comprehensive income (loss) to a 10% increase or decrease in the Canadian dollar against the foreign exchange rates (amounts shown in Canadian dollar equivalent).

	December 2017 $	December 31 2016 $
10% strengthening in the Canadian dollar	**(39,185)**	(16,882)
10% weakening in the Canadian dollar	**39,185**	16,882

Subsequent Events

Subsequent to December 31, 2017 the Company has received proceeds of $310,000 from warrant holders (see note 7) who exercised their warrants and have acquired 3,100,000 common shares of the Company.