

**Management Discussion and Analysis**  
**For the nine months ended November 30, 2016**  
**Hello Pal International Inc. (Formerly Neoteck Solutions Inc.)**  
**Report Dated January 30, 2017**

**INTRODUCTION**

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the nine months ended November 30, 2016 prepared as of January 30, 2017, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended November 30, 2016 and the related notes thereto of Hello Pal International Inc. ("the Company"), together with the audited consolidated financial statements of the Company for the year ended February 29, 2016 as well as the accompanying MD&A for the year then ended.

The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

**GENERAL**

The Company was incorporated under the Company Act of British Columbia and changed its name to Hello Pal International Inc. on May 9, 2016. Prior to May 13, 2016, the Company was listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "NEO.H". On May 13, 2016, the Company received approval from the TSX-V to have its shares de-listed and received acceptance from the Canadian Securities Exchange ("CSE") to have its shares listed under the symbol "HP". On June 28, 2016, the Financial Industry Regulatory Authority of the United States cleared the Company's Form 211 application for a quotation on OTC Link, and as such, the common shares of the Company now trade under the US symbol "HLLPF".

On May 9, 2016, the Company consolidated its common shares on the basis of one-post consolidation common share of the Company for every 1.5 pre-consolidation common share of the Company. All share numbers and amounts have been retroactively restated for the periods presented in this MD&A.

**RECENT HIGHLIGHTS**

On May 13, 2016, the Company completed the acquisition of the Hello Pal software application (the "HPI Platform") with a private Hong Kong based company ("PrivCo"), in consideration for 25,000,000 post-consolidation common shares of the Company.

In conjunction with the acquisition, the Company:

- Closed a private placement by issuing 12,000,000 post-consolidation common shares at a price of \$0.15 per share for gross proceeds of \$1,800,000.

- Appointed Kean Li Wong as Chief Executive Officer, President and a director of the Company and accepted the resignation of Stephen Pearce as a director of the Company.

On August 4, 2016, the Company released Version 3.0 of the HPI Platform. The updated version allows users to host video and audio calls and is currently available to users for free with intentions to charge a fee for certain parts.

On September 14, 2016, the Company announced that its HPI Platform surpassed 1.2 million registered users. The Company is also at its final stages of preparing to launch its first companion app “Travel Pal”, a social application that targets worldwide travelers. Travel Pal will be followed by further companion apps in other sectors that will be run on the same HPI Platform.

On November 16, 2016, the Company released Version 3.1 of the HPI Platform. The updated version allows users to sign in or register using their WeChat or QQ account, as well as a feature that allows users to receive targeted notifications.

## **CORPORATE**

On May 13, 2016, Kean Li Wong was appointed as Chief Executive Officer, President and a director of the Company. Mr. Wong founded and has served as Chief Executive Officer and a director of PrivCo since 2007. From 1995 to 1999 Mr. Wong was a lawyer at Clifford Chance in London, England where he specialized in Chinese law and technology/telecoms markets. Mr. Wong was a VP of Business Development at China.com (NASDAQ: CHINA) and Hongkong.com (HK:8006) from 1999 to 2001. He was the President of Softbank Investment (HK:0648) from 2001 through to 2007 where he was involved mainly in technology related projects throughout China. In 2008, Mr. Wong founded and continues to be the CEO of Brillkids – a firm specializing in early advanced childhood education.

Gunther Roehlig and Robert McMorran continued to serve as directors of the Company and Natasha Tsai continued to serve as Chief Financial Officer of the Company.

Stephen Pearce resigned as a director of the Company.

On May 30, 2016, Sin Just Wong was appointed as a director of the Company. Mr. Wong was Chairman and CEO of E2-Capital and SBI EZ-Capital Group from 2000 to 2008 and was the founder and Chief Investment Officer of SBI E2-Capital Asset Management Limited from 2008 to 2012.

On June 10, 2016, Daniel Kou was appointed as the Chief Technology Officer of the Company. Mr. Kou has over 18 years of experience in the IT industry which ranges from app development, system architecture design and programming to project management and product design, including 8 years as Chief Architect for several key product lines at Huawei Technologies.

On June 28, 2016, Michael Tat Lee Koh was appointed a director of the Company. Mr. Koh founded Tuntex Telecom and assumed the role of President between 1995 and 1997. Mr. Koh also served as Chairman to Pan Asia Mining Ltd. (HK: 8173), and its subsidiary, Blacksand Enterprise Ltd. and held director and/or officer positions at several other publicly-traded companies listed on the Hong Kong Stock Exchange including Chairman of China Railway Logistics Limited (HK: 8089), CEO and Executive Director of M Dream Inworld Limited (HK: 8100), and Vice President of First Pacific Company Limited (HKEx: 142, ADRs: FPAFY). Mr. Koh obtained a Master of Science Degree in Electrical Engineering from Columbia University and a Bachelor of Science Degree in Engineering from Rutgers University.

On July 12, 2016, Dr. Sin Just Wong was elected a director of the Company at the Company's AGM. Dr. Wong has held senior positions with a number of international investment banks including as Managing Director, Capital Markets of BNP Paribas Peregrine. Dr. Wong founded E2-Capital Group and served as its Chairman and CEO from 2000 until its acquisition by Citic International Asset Management in April 2008. Dr. Wong also served as Non-Executive Chairman of Westminster Travel Limited and SBI E2-Capital Holdings Limited, both of which were listed on Singapore Exchange Limited, Non-Executive Director of CSI Properties Limited, China.com Inc. and China Zenith Chemical Limited, all three being companies listed on Hong Kong Stock Exchange, as well as Non-Executive Director of CDC Software Corporation Inc., a company listed on NASDAQ market in the USA and Non-Executive Director of Intelligent Edge Berhad, a company listed on BURSA Malaysia Stock Exchange. Dr. Wong holds a Bachelor of Engineering (First Class Honours) degree from the Imperial College of Science, Technology, and Medicine in London and was qualified with the Institute of Chartered Accountants, England and Wales in 1992 as a Chartered Accountant. He was awarded an honorary doctorate in Business Management by York University in June 2008 for his lifetime achievements.

### **THE TRANSACTION**

On May 13, 2016, the Company completed an asset purchase agreement (the "Transaction") with PrivCo, whereby the Company agreed to acquire all of the assets that comprise the HPI Platform, in consideration for 25,000,000 post-consolidation common shares of the Company. The Company also issued 2,000,000 post-consolidation common shares for finder's fees. 13,725,000 of these post-consolidation common shares were placed in escrow whereby 10% of the escrowed shares were released on May 13, 2016 and 15% of the escrowed shares are released each six month period thereafter.

The HPI Platform is a proprietary and open social exchange language and learning mobile application and network for use in a whole host of applications – including for language learning and socialization. The HPI Platform enables users' the freedom to speak in their own language regardless of the other person's language they are speaking to. The HPI Platform was launched on the Google Play Store in May 2015 and iOS App Store in November 2015. It is anticipated to be launched on the Windows platform in 2016.

The shares issued were valued at \$3,750,000 using a market value of \$0.15 per share, which was determined based on the share issue price of the private placement financing closed on the date of the acquisition in conjunction with the Transaction. Transaction costs, comprised of professional fees of \$25,167 and 2,000,000 post-consolidation common shares issued in finder's fees valued at \$0.15 per share, are included in the consideration paid to acquire the HPI Platform.

### **DESCRIPTION OF BUSINESS**

The Company develops, markets and operates a live interactive social and language exchange platform. The HPI Platform is a proprietary, open social exchange language and learning mobile app and network for use in a whole host of applications, including for language learning and socialization. The proprietary intangible and tangible assets that comprise of the HPI Platform are:

1. ***Backbone Technology.*** A backbone technology (software, content and server) that provides a stable and robust language exchange and chat-drive network allowing anyone to communicate with another person regardless of the language they are speaking in. The HPI Platform social language exchange app ("Hello Pal App") and network was launched on the Google Play store in May 2015, and on the Apple App store in November 2015.

2. ***Voice to Voice Exchanges.*** The HPI Platform allows for true to voice-to-voice exchanges, which means that users can speak with each other with their own voice, not just text translations.
3. ***Filtering and Matching.*** Included is filtering and matching abilities, so that users can easily find other people and parties (i.e. pals) that directly suit and meet a user's own defined criteria – e.g. for use as a matching service. Users can filter by native/learning languages, nationality, and other criteria.
4. ***Phrasebooks.*** Phrasebooks that are built for on-line and mobile chat. Users can simply choose a phrase, listen to the professionally recorded audio guide, and repeat the phrase in the foreign language, then they can send it directly to a pal.

Currently, the HPI Platform consists of the Hello Pal App, which is available on mobile Android and iOS devices. The Hello Pal App offers an exclusive language exchange experience where users meet and chat with people from all over the world, in a completely foreign language, in minutes.

#### Key Features of the HPI Platform

The HPI Platform is designed to deliver a customized learning experience to each user.

***Live Chat Feature.*** A user is able to “chat” in real time with another user in order to learn a new language. A chat may involve voice-to-voice exchange or text with another user. The HPI Platform's voice-to-voice technology allows users to speak with their own voice and not simply text translations.

***Connecting with a Pal.*** The proprietary technology of the HPI Platform includes extensive filtering and matching abilities so that users can find other users, people or parties (ie. “pals”) that directly suit and meeting the user's defined criteria. Users are able to filter by language, learned languages and nationality.

***Phrasebooks.*** The HPI Platform has phrasebooks each with over 2,000 phrases. A user can choose a phrase, listen to the recorded audio of the phrase and repeat the phrase. After, the user is able to send their recording of the phrase they learned to another user.

***Hello Pal Games.*** Various games are also offered under the HPI Platform. In addition to enhancing learning, these games also focus on the social aspect of the HPI Platform.

Overall, the HPI Platform has been designed from the ground up to be easy-to-use and has many features that enables users' the freedom to speak and communicate in their own language regardless of the language of the person they are speaking to.

#### **OPERATIONS UPDATE**

The Company has continued to improve upon the HPI Platform, rolling out numerous updates including version 3.1, which includes voice and video-calling, ‘stickers’ and direct notification features. On September 14, 2016, the Company announced that it has now surpassed 1,200,000 registered users and is continuing to experience rapid user growth by building a highly diversified global user base. Other recent improvements include server-side upgrades to provide additional stability to deal with the ever-increasing number of users, as well as features such as the ability to share with friends on social platforms and a friends' list. The Company has also formed a new

programming team based in China and is in the final stages of launching its first companion app, “Travel Pal”, a social app targeting worldwide travelers, as well as developing other companion applications. These apps will all be run on the same platform and users will be part of a common Hello Pal user base.

Along with a growing technical team the Company is also expanding its team of global Country Representatives who are responsible for public relations and marketing of the HPI Platform in their areas. In conjunction with the Country Reps the Company is embarking on a broad user acquisition and PR campaign. This will be the Company’s first major marketing effort and among other initiatives will involve influencer endorsements, targeted online marketing and social media outreach.

The Company’s expanding platform will inform and shape the Company’s ability to introduce monetization features in the near future. The direct notification feature, included in Version 3.1 of the HPI Platform, is the beginning of such initiatives. The Company has also recently added an Arabic phrasebook to meet the increase in registered users from the Middle East, thereby allowing global users to more easily communicate with Middle East users in Arabic. Language phrasebooks can also be downloaded as separate apps at the IOS and Android stores.

## **RESULTS OF OPERATIONS**

*Nine months ended November 30, 2016*

The Company recorded a net loss of \$2,198,959 (\$0.05 per share) for the nine months ended November 30, 2016 as compared to a net loss of \$86,429 (\$0.00 per share) for the nine months ended November 30, 2015.

Variances of note in administrative expenses are:

Accounting and audit of \$38,108 (2015 - \$12,086) and Office and miscellaneous of \$93,412 (2015 - \$257) increased during the nine months ended November 30, 2016 compared with the 2015 comparable period, due to an increased level of business activities as a result of the recently closed private placement, the Transaction and operations in Hong Kong.

Management and consulting fees of \$94,116 (2015 - \$47,250). Management and consulting fees includes charges from the CEO, the Chief Technology Officer and the former President. Approximately 5% of the fees for the Chief Technology Officer is charged to management and consulting fees while the remainder is charged to application development costs.

Marketing of \$164,117 (2015 - \$nil). Marketing includes expenditures for promoting the HPI Platform to current and potential users.

Regulatory and stock transfer of \$40,826 (2015 - \$9,658) increased as a result of the Company’s application to have its shares listed on the CSE and the OTC link, as well as expenditures incurred in connection with the Company’s AGM that was held during June 2016.

Salaries and benefits of \$84,858 (2015 – \$nil) increased as a result of hiring the programming team to continue improving the HPI Platform and developing new apps.

Share-based payments of \$1,384,907 (2015 – \$nil) increased as a result of granting 6,400,000 stock options during the nine months ended November 30, 2016 while there was none in the comparable prior period.

Shareholder communications of \$256,261 (2015 – \$nil) increased as a result of conducting investor relations activities subsequent to closing the private placement.

*Three months ended November 30, 2016*

The Company recorded a net loss of \$317,824 (\$0.00 per share) for the three months ended November 30, 2016 as compared to a net loss of \$31,322 (\$0.00 per share) for the three months ended November 30, 2015.

Variances of note in administrative expenses are:

Accounting and audit of \$11,976 (2015 – \$1,973) and Office and miscellaneous of \$63,798 (2015 – \$89) during the three months ended November 30, 2016 increased compared with the 2015 comparable period, due to an increased level of business activities as a result of the recently closed private placement, the Transaction and operations in Hong Kong.

Management and consulting fees of \$25,903 (2015 - \$15,750). Management and consulting fees includes charges from the CEO, the Chief Technology Officer and the former President. Approximately 5% of the fees for the Chief Technology Officer is charged to management and consulting fees while the remainder is charged to application development costs.

Marketing of \$71,693 (2015 - \$nil). Marketing includes expenditures for promoting the HPI Platform to current and potential users.

Legal fees of \$1,832 (2015 - \$10,053) decreased as a result of the fact that more legal services were rendered during 2015 for the Transaction between the Company and Segra Biogenesis Corp.

Salaries and benefits of \$30,275 (2015 – \$nil) increased as a result of hiring the programming team to continue improving the HPI Platform and developing new apps.

Shareholder communications of \$90,440 (2015 – \$nil) increased as a result of conducting investor relations activities subsequent to closing the private placement.

## QUARTERLY FINANCIAL REVIEW

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters. No cash dividends were declared in any of the reported periods.

	THREE MONTHS ENDED			
	Nov 30, 2016 \$	Aug 31, 2016 \$	May 31, 2016 \$	Feb 29, 2016 \$
Total assets	4,983,981	5,264,150	5,514,266	6,547
Working capital (deficiency)	142,086	681,457	1,304,465	(202,887)
Net loss	(317,824)	(338,616)	(1,542,519)	(43,508)
Net loss per share <sup>(1)</sup>	(0.00)	(0.00)	(0.05)	(0.01)

	THREE MONTHS ENDED			
	Nov 30, 2015 \$	Aug 31, 2015 \$	May 31, 2015 \$	Feb 28, 2015 \$
Total assets	4,290	599	872	917
Working capital (deficiency)	(159,379)	(128,057)	(101,750)	(72,950)
Net loss	(31,322)	(26,307)	(28,800)	(35,384)
Net loss per share <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)

<sup>(1)</sup>The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants if any.

The net loss increased during the quarters ended May 31, 2016, August 31, 2016 and November 30, 2016 as a result of increased corporate activities which include hiring the programming team and the Chief Technology Officer, promoting the Company's stock and mobile application and the granting of 6,400,000 stock options resulting in share-based payments of \$1,384,907. The net loss during the quarters ended February 29, 2016 and November 30, 2015 increased due to the legal services required for the Transaction with PrivCo.

The working capital during the quarter ended May 31, 2016 increased compared to the prior quarters, as a result of the net proceeds received from the private placement completed during the quarter.

## FINANCING ACTIVITIES

On May 13, 2016, the Company closed a private placement financing of 12,000,000 post-consolidation common shares of the Company at a price of \$0.15 per post-consolidation common share for gross proceeds of \$1,800,000 (the "Financing"). The proceeds of the Financing have been used to fund the operations of the HPI Platform and for general working capital purposes. In connection with the Financing, the Company incurred legal costs of \$13,775, paid finder's fees of \$53,848 and issued 375,189 finders' warrants valued at \$56,725. Each finder's warrant entitles the holder to purchase one additional common share at an exercise price of \$0.25 on or before May 13, 2018.

On September 13, 2016, the Company issued 6,000 common shares pursuant to an exercise of finders' warrants at an exercise price of \$0.25 per share for gross proceeds of \$1,500.

Subsequent to November 30, 2016, on January 19, 2017, the Company announced a non-brokered private placement issuing 4,000,000 common shares at a price of \$0.25 per common share for gross proceeds of \$1,000,000. The Company will not be paying any finders fees' and intends to use the proceeds for developments of the Hello Pal Platform and general corporate activities.

The Company received non-interest bearing loans of \$9,575 during the nine months ended November 30, 2016 from Gunther Roehlig, former President and CEO and a shareholder to finance ongoing business activities. During the nine months ended November 30, 2016, the Company repaid the outstanding balance of the loans in full.

The Company received loans of \$91,920 during the nine months ended November 30, 2016 from a company controlled by Kean Li Wong, current President and CEO, which are non-interest bearing, due on demand, unsecured and have no maturity date. The amount of loans outstanding as at November 30, 2016 was \$91,920 (February 29, 2016 – \$nil).

## **LIQUIDITY**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. 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 its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the CSE.

As at November 30, 2016, the Company held cash of \$291,391 and had working capital of \$142,086. During the nine months ended November 30, 2016, net cash used in operating activities was \$967,096, net cash provided by financing activities consisted of net proceeds from the private placement of \$1,732,377, gross proceeds of \$1,500 from the exercise of warrants and non-interest bearing loans from related parties of \$37,670. The Company also incurred \$2,500 for the purchase of equipment and \$503,444 of software acquisition and development costs as part of investing activities. The Company has to complete additional financings in order to maintain its current activity levels and to fund ongoing operations. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future. Subsequent to November 30, 2016, the Company announced a proposed non-brokered private placement issuing 4,000,000 common shares at a price of \$0.25 per common share for gross proceeds of \$1,000,000.

## **CAPITAL EXPENDITURES**

The Company incurred software acquisition and development costs of \$503,444 and purchases of equipment of \$2,500 during the nine months ended November 30, 2016 but did not incur any



capital expenditures during the nine months ended November 30, 2015. The Company does not currently have any capital expenditure commitments.

### RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's directors, officers and companies associated with them, including Malaspina Consultants Inc., a company owned by Robert McMorran, a director and in which Natasha Tsai, CFO, is an associate. The Company incurred charges to directors and officers, or to companies associated with these individuals during the nine months ended November 30, 2016 and 2015 as follows:

	Three months ended		Nine months ended	
	November 30, 2016		November 30, 2016	
	2016	2015	2016	2015
	\$	\$	\$	\$
Accounting and corporate secretarial fees <sup>(1)</sup>	8,822	3,207	28,523	8,469
Application development costs <sup>(2)</sup>	18,355	-	38,210	-
Management fees <sup>(3)</sup>	26,352	7,875	68,405	23,625
Share issue costs <sup>(4)</sup>	-	-	5,750	-
	53,529	11,082	140,888	32,094

<sup>(1)</sup> The charges include accounting and corporate secretarial fees paid to Malaspina Consultants Inc.

<sup>(2)</sup> The charges include application development costs paid to Daniel Kou, Chief Technology Officer

<sup>(3)</sup> The charges include management fees paid to Kean Li Wong, President and CEO and Gunther Roehlig, former President and CEO.

<sup>(4)</sup> The charges include share issue costs paid to Malaspina Consultants Inc. in connection with the private placement.

Accounts payable and accrued liabilities at November 30, 2016 included is \$5,620 due to Daniel Kou, Chief Technology Officer, \$17,103 due to KL Wong, President and CEO, and \$875 due to Malaspina Consultants Inc. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the President, Chief Technology Officer, CFO and the Directors. During the three and nine months ended November 30, 2016 and 2015, compensation paid to key management consisted of management fees of \$25,058 and \$67,439 (2015 – \$7,875 and \$23,625) paid to Kean Li Wong and Gunther Roehlig, application development costs of \$19,321 and \$39,176 (2015 – \$nil and \$nil) paid to Daniel Kou, and accounting and corporate secretarial fees of \$8,822 and \$28,523 (2015 – \$3,207 and \$8,469) and share issue costs of \$nil and \$5,750 (2015 – \$nil and \$nil) paid to Malaspina Consultants Inc.

During the nine months ended November 30, 2016, the Company received a total of \$9,575 from Gunther Roehlig and a shareholder, which were non-interest bearing loans made to the Company to finance its activities in order to continue its operations. The loans were due on demand, unsecured and had no maturity date. During the nine months ended November 30, 2016, the Company repaid the outstanding balance of the loans in full.

The Company received loans of \$91,920 during the nine months ended November 30, 2016 from a company controlled by Kean Li Wong, current President and CEO, which are non-interest bearing, due on demand, unsecured and have no maturity date. The amount of loans outstanding as at November 30, 2016 was \$91,920.

Other than as reflected above, there were no other transactions with key management, or compensation paid or payable for their services.

#### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The condensed interim consolidated financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in Note 3 of the annual consolidated financial statements for the year ended February 29, 2016, except for the following policies adopted in the current financial period:

##### ***Basis of consolidation***

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Control is achieved when the Company is exposed to, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

##### ***Equipment and software***

Equipment and software is carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures directly attributable to bringing the asset to its operating location and condition necessary for it to be capable of operating in the intended manner.

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of equipment and software. Depreciation of software is recorded at the date the development is complete and it is available for its intended use. Depreciation for equipment and software is recorded on a declining-balance basis at the annual rate of 30%.

Equipment and software is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

##### ***Impairment of non-financial assets***

The Company performs impairment tests on its non-financial assets when events or circumstances occur which indicate the assets may not be recoverable. 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, and an impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units, or “CGU”s). 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 estimates of the time value of money and the risks specific to the

asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

#### **CAPITALIZATION**

**a) Authorized**

Unlimited common shares without par value

**b) Issued and outstanding:**

64,379,978 common shares

**c) Escrow shares:**

10,293,750 issued and outstanding common shares are held in escrow. 1,372,500 common shares were released on May 13, 2016 with 15% to be released every 6 months thereafter.

**d) Outstanding warrants and options:**

Type of security	Number	Exercise Price	Expiry date
Share purchase warrants	369,189	\$ 0.25	May 13, 2018
Stock options	6,400,000	\$ 0.15	May 13, 2021

#### **FUTURE OUTLOOK**

Apart from the continued development of the existing app, the Company looks forward to rolling out new apps focused on specific sectors, starting with the travel sector. This is in line with the Company's vision of creating an international social platform to facilitate easier communication and better understanding between people of all nationalities. With the gradual expansion of its team, including a new programming team in China, the Company also expects to be able to iterate its products faster to better cater towards market needs.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the nine months ended November 30, 2016 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **RISKS AND UNCERTAINTIES**

The Company is currently subject to financial and regulatory risks. The financial risk is derived from the uncertainty pertaining to the Company's ability to raise capital to continue operations. Regulatory risks include the possible delays in getting regulatory approval for the transactions that the Board of Directors believe to be in the best interest of the Company, and include

increased fees for filings and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

**OTHER INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).