Clarocity Corporation

Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Clarocity Corporation

We have audited the accompanying consolidated financial statements of Clarocity Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising 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 consolidated 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 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 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 our 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, we consider 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 in our audits 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 Clarocity Corporation as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that Clarocity Corporation has insufficient cash resources to discharge its liabilities, and its ability to continue as a going concern will necessitate raising capital, the forbearance of its creditors and achieving positive cash flows from operations. These conditions, along with other matters as set forth in Note 2 in the consolidated financial statements, indicate the existence of a material uncertainty that casts significant doubt about Clarocity Corporation's ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants

April 30, 2018
Calgary, Canada

Clarocity

Consolidated Statements of Financial Position

Stated in thousands of Canadian dollars

	December 31, 2017	December 31, 2016 (recast see Note 17)
Assets		
Current Assets		
Cash	$788	$662
Receivables	1,818	1,310
Prepaid Expense	71	440
	2,677	2,412
Deposits	40	44
Property, plant and equipment (note 7)	265	341
Intangible assets (note 8)	5,624	5,433
Goodwill (note 8)	2,612	2,795
	$11,218	$11,025
Liabilities and Shareholders' Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	$6,279	$5,706
Notes payable (note 9)	1,505	837
Convertible debentures (note 10(a))	3,924	4,212
Non-convertible debentures (note 10(b))	11,662	5,453
	23,370	16,207
Shareholders' Deficiency		
Share capital (note 11(a))	82,451	79,386
Contributed surplus	17,634	12,840
Warrants (note 11(e))	1,805	826
Equity component of convertible debentures (note 11(f))	318	1,598
Accumulated other comprehensive income	269	265
Deficit	(114,629)	(100,098)
	(12,152)	(5,183)
	$11,218	$11,025

Going concern uncertainty (note 2)

See accompanying notes to consolidated financial statements

Consolidated Statements of Loss and Comprehensive Loss

Stated in thousands of Canadian dollars (except for share and per share amounts)

	2017	2016 (recast see Note 17)
Revenue	$13,250	$6,304
Cost of Sales	8,916	3,808
	4,334	2,496
Expenses		
Selling, general and administrative (note 13(a))	10,212	8,098
Platform and product development (note 13(b))	2,292	1,578
Finance costs (note 13(c))	5,944	2,345
Foreign exchange loss	669	20
Other expense (note 13(d))	3	294
	19,120	12,335
Loss before income tax	(14,786)	(9,839)
Deferred tax recovery (note 14(a))	(255)	(351)
Net loss for the period	(14,531)	(9,488)
Other comprehensive loss		
Items that are or may be reclassified subsequently to income (loss):		
Translation of foreign operations	(4)	139
Comprehensive loss	$(14,527)	$(9,627)
Net loss per share – basic and diluted	$(0.06)	$(0.05)
Weighted average number of common shares (note 11(a))	231,509,838	192,070,374

See accompanying notes to consolidated financial statements

Clarocity

Consolidated Statements of Changes in Equity

Stated in thousands of Canadian dollars

	Share Capital	Warrants	Contributed surplus	Equity component convertible debentures	Deficit	AOCI (1)	Total deficiency
Balance at January 1, 2016 (recast see note 17)	77,432	1,934	9,934	1,598	(90,610)	404	692
Net loss for the period (note 17)	-	-	-	-	(9,488)		(9,488)
Translation of foreign operations	-	-	-	-	-	(139)	(139)
Warrants granted with debentures, net of tax (notes 10(b)and 17)	-	951	-	-	-	-	951
Warrants Issued	-	35	-	-	-	-	35
Warrants expired and exercised (note 11(a)(e))	50	(2,127)	2,127	-	-	-	50
Shares issued with debenture	133	-	-	-	-	-	133
Shares issued in lieu of cash	482	-	-	-	-	-	482
Liabilities paid with shares	260	-	-	-	-	-	260
Issued for acquisition	889	-	-	-	-	-	889
Issued for employee contracts	140	33	-	-	-	-	173
Share based payments (note 11(c))	-	-	779	-	-	-	779
Balance at December 31, 2016 (recast see Note 17)	**79,386**	**826**	**12,840**	**1,598**	**(100,098)**	**265**	**(5,183)**

	Share Capital	Warrants	Contributed surplus	Equity component convertible debentures	Deficit	AOCI (1)	Total deficiency
Balance at January 1, 2017	79,386	826	12,840	1,598	(100,098)	265	(5,183)
Net loss for the period	-	-	-	-	(14,531)		(14,531)
Translation of foreign operations	-	-	-	-	-	4	4
Warrants granted with debentures, net of tax (note 14)	-	421	-	-	-	-	421
Reclassification of Equity component of debentures redeemed	-	-	1,021	(1,021)	-	-	-
Equity component of convertible debentures, net of tax (notes 11(f) and14(b))	-	-	-	268	-	-	268
Issued on conversion of debentures (note 10(a))	1,153	849	-	(527)	-	-	1,475
Liabilities paid with shares	2,640	-	-	-	-	-	2,640
Warrants expired or exercised (note 11(e))	148	(293)	250	-	-	-	105
Shares issued with debenture	138	-	-	-	-	-	138
Issued on exercise of options (note 11(c))	233	-	(98)	-	-	-	135
Warrants issued	-	2	(2)	-	-	-	-
Shares issued for asset purchase (note 8)	2,016	-	-	-	-	-	2,016
Share based payments (note 11(c))	-	-	1,020	-	-	-	1,020
Transferred on expiry of warrants (note 11(e))	(3,263)	-	2,603	-	-	-	(660)
Balance at December 31, 2017	**82,451**	**1,805**	**17,634**	**318**	**(114,629)**	**269**	**(12,152)**

See accompanying notes to consolidated financial statements

(1) AOCI – Accumulated Other Comprehensive Income

Consolidated Statements of Cash Flows

Stated in thousands of Canadian dollars

	2017	2016 (recast see Note 17)
Cash provided by/ (used in)		
Operating activities		
Net Loss for the period	$(14,531)	$(9,488)
Adjustments for non-cash items:		
Depreciation of equipment (note 7)	109	115
Loss on disposal of property plant and equipment	-	47
Amortization of intangible assets (note 8)	1,507	1,009
Bad debt reserve	103	(44)
Accrued interest on debentures	257	222
Amortization of debenture financing costs	725	213
Accretion of equity discount	930	515
Interest and fees paid in shares	2,207	482
Share based payments (note 11(c))	1,020	710
Unrealized foreign exchange losses	581	50
Severance paid in shares and warrants	-	173
Deferred tax recovery (notes 14 and 17)	(255)	(351)
Net change in non-cash operating working capital	1,018	212
Net cash used in operating activities	(6,329)	(6,135)
Financing activities		
Exercised warrants	104	50
Exercised options	135	-
Net proceeds from debentures (note 10(a)(b))	10,141	6,717
Redemption of convertible debentures	(2,861)	-
Payment of note payable	(1,000)	-
Net cash provided by financing activities	6,519	6,767
Investing Activities		
Purchase property, plant and equipment (note 7)	(51)	(7)
Net cash used in investing activities	(51)	(7)
Effect on cash balances due to foreign exchange	(13)	(0)
Increase in cash	126	625
Cash, beginning of period	662	37
Cash, end of period	$788	$662
Supplemental disclosure of cash flow information		
Interest paid	$140	$284
Interest received	$2	$3

See accompanying notes to consolidated financial statements

Notes to the Consolidated Financial Statements

1. Nature of Operations

Clarocity Corporation, (formerly Zaio Corporation – name change effective October 17, 2016), (the "Company" or "Clarocity") is incorporated under the laws of the province of Alberta with its registered office in Calgary, AB. The Company's head office is located at 3115 Melrose Drive Suite 130, Carlsbad, California 92010.

Clarocity's business lines include the development of software for residential housing appraisal research in metropolitan areas throughout the United States, and a suite of realtor powered valuation products through its wholly owned subsidiaries, Valuation Vision, Inc. and Clarocity Valuation Services LLC (formerly Valued Veterans), from the dates of their acquisitions.

These consolidated financial statements reflect the consolidated results of Clarocity Corporation and it's wholly owned subsidiaries.

The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol CLY.

2. Going concern uncertainty

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, assuming that Clarocity will be able to realize assets and discharge its liabilities in the normal course of operations for the foreseeable future.

For the year ended December 31, 2017, the Company incurred a consolidated net loss of $14,531 (2016 – $9,488) and used cash in operating activities of $6,329 (2016 - $6,135). As at December 31, 2017, the Company had a working capital deficiency of $20,693 (2016 - $13,795) and an accumulated deficit of $(114,629) (2016 – ($100,098)).

The Company has insufficient cash resources to meet its short-term commitments. Financing from debt and equity, as well as the forbearance of current creditors, is required for the Company to continue operations. If such a financing does not materialize the Company will be required to review all strategic options available, which could include a significant curtailment or cessation of operations or development of new products. These matters cast significant doubt on the Company's ability to continue as a going concern.

While management believes the use of the going concern assumption is appropriate, there is no assurance that the Company's initiatives to improve its liquidity and financial position and generate positive cash flows from operations will be successful. These consolidated financial statements do not include the disclosures or adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern and these adjustments and reclassifications may be material.

3. Basis of preparation

a) Statement of compliance

These financial statements and the notes hereto have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and were authorized for issuance by the Board of Directors on April 30, 2018.

b) Functional and presentational currency

The Company's functional and presentation currency is Canadian dollars.

c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make certain critical accounting estimates and assumptions and exercise its judgment in the process of applying the Company's accounting policies and the reported amounts of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by management in the preparation of the financial statements may change as future events unfold, additional experience is acquired or the environment in which the Company operates changes. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Accounting policies and practices involve the use of estimates that have a significant impact on the Company's financial results, specifically:

i) Business Combinations

The Company recognizes the consideration paid, assets acquired and liabilities assumed at their acquisition date fair values, recognizing any goodwill acquired or gain on purchase. The purchase price allocation requires significant judgements in the identification of the acquired assets and assumed liabilities. To determine the fair values of the identified assets and liabilities the Company will use the discounted cash flow method and other accepted valuation techniques that require assumptions about business strategies, growth rates, operating costs, discount rates and other economic factors.

II) Recoverable amounts of non-financial assets

The Company evaluates its non-financial assets for impairment indicators at each financial statement date and whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The Company must also perform annual impairment tests of its goodwill and indefinite-life intangible assets. If there is any indication of impairment, the recoverable amount of the cash generating unit is estimated to determine the impairment loss, if any. Assessing a cash generating unit requires judgement. The recoverable amount is management's best estimate of the higher of fair value less costs of disposal and value in use. These calculations require significant estimates over market potential, revenue growth and operating costs. The Company is in a growth stage and may not be able to achieve the estimated growth and cash flow forecast.

III) Compound financial instruments

The Company estimates the fair value of the debt instruments without a conversion feature, for determining the fair value of the debt component of the compound financial instruments. A discounted cash flow methodology is applied to the stream of interest and principal repayments using management's estimate of the rate of interest associated with the debt instruments without a conversion feature.   For debt instruments which include warrants, the Company estimates the fair value of the debt instruments without the warrant feature, for determining the fair value of the debt component of the compound financial instruments. A discounted cash flow methodology is applied to the stream of interest and principal repayments using management's estimate of the rate of interest associated with the debt instruments without warrant rights. In addition, when the Company has offered early inducements to debenture holders to convert their instruments to equity, the Company is required to calculate the incremental fair value attributable to the inducement and recognize the amount as an expense. Estimation is required in determining the fair value attributable to the conversion inducement.

iv) *Provisions*

In recognizing provisions, the Company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognize provisions are based on currently known factors that may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

v) Income taxes

Deferred tax assets and liabilities can be recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases, including available losses and income tax credits. Estimates of the Company's future taxable income have been considered in assessing the utilization of available tax losses and whether such utilization is probable.

vi) Share based payments

The fair value of stock options, restricted share units and warrants is estimated using the Black- Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

vii) Useful lives of assets;

The amortization expense is based on management's estimates of the useful life of assets which requires estimates of customer attrition rates for customer lists and technological and market developments for technology assets.

viii) Goodwill

The values associated with goodwill involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates, and asset lives. At least annually, the carrying value of goodwill is reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less cost to sell using discounted estimated future cash flows. These significant estimates require considerable judgment, which could affect the Company's future results if the current estimates of future performance and fair values change."

4. Significant accounting policies:

The significant accounting policies used in the preparation of these financial statements are described below.

a) Foreign currency translation

The functional and presentational currency of Clarocity Corporation is the Canadian Dollar. The functional currency of the Company's wholly owned subsidiaries, Valuation Visions Inc. and Clarocity Valuations Services LLC, is the US Dollar.

Foreign currency transactions are initially recorded in the functional currency of an entity using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using period-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement at period-end exchange rates are recognized in the income statement.

For the purposes of consolidation, assets and liabilities of foreign operations are translated at the period-end exchange rate, and revenues and expenses are translated at the average rate. Translation differences are recognized in other comprehensive income.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short-term highly liquid investments with original maturities of less than three months.

c) Consolidation

The consolidated annual financial statements include the accounts of the Company and its subsidiaries from the date of acquisition of control. Subsidiaries consist of entities over which the Corporation is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. All intercompany balances and transactions between the Corporation and its subsidiaries have been eliminated.

d) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition including any contingent consideration is measured as the aggregate of the consideration transferred at acquisition date fair value. The acquired identifiable assets and assumed liabilities are measured at their fair value at the date of acquisition. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in net income. Associated transaction costs are expensed when incurred. Contingent consideration classified as a financial asset or liability is measured at fair value, with changes in fair value recorded in net income.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of CGUs that are expected to benefit from the combination. Goodwill is carried at cost less impairment and is not amortized.

e) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

i) Non-derivative financial instruments

Financial instruments comprise cash, trade and other receivables, convertible and non-convertible debentures, notes payable and accounts payable and accrued liabilities. Financial instruments are recognized initially at fair value less, for instruments not at fair value through profit or loss, net of any any directly attributable transaction costs. At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired. Subsequent to initial recognition financial instruments are measured as described below:

- Financial assets at fair value through profit or loss: The Company's only financial assets at fair value through profit and loss are cash. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. The financial instruments are measured at fair value, and changes therein are recognized in profit or loss.
- Receivables: Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company's receivables currently comprise trade and other receivables and are measured at amortized cost using the effective interest method.

- Other financial liabilities: Financial liabilities at amortized cost include accounts payable and accrued liabilities, notes payable and debentures. Financial liabilities are initially recognized at fair value, plus directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

ii) Compound financial instruments

Convertible debentures issued by the Company can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially as the difference between the face value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Interest, losses and gains relating to financial liabilities are recognized in profit or loss.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition.
Upon conversion, the common shares and warrants issued are measured at the carrying value of the related convertible debenture liability and equity components.

The Company has made special one-time conversion offers to induce early conversion of the convertible debentures. A gain (loss) is recognized for the incremental fair value realized (given up) as a result of the modified terms calculated on the date of the amendment to the convertible debenture.

Non-convertible debentures issued by the Company may include warrants. The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity component. The equity component, if any, is recognized initially as the difference between the face value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition. Interest, losses and gains relating to financial liabilities are recognized in profit or loss.

f) Impairment

i) Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss on financial assets measured at amortized cost as the difference between the carrying amount and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. All impairment losses are recognized in profit or loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods and recognized in profit or loss if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

i) Non-financial assets

Goodwill has an indefinite useful life and is tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. The Company's annual impairment test is performed as of December 31.

Assets that are subject to amortization are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss in respect of goodwill is not reversed.

g) Equipment, furniture and leasehold improvements

Computer equipment, furniture and leasehold improvements are recorded at cost less accumulated depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company provides for depreciation using the declining balance method at 30% for equipment and 20% for furniture to depreciate the cost of the assets over their estimated useful life. Leasehold improvements are depreciated over the term of the lease.

h) Intangible assets

Intangible assets, comprised of patents, software, technology and customer lists are recorded at cost less accumulated amortization and impairment. Amortization is recognized on a straight-line basis in selling, general and administrative costs over their estimated useful lives. Intangible assets with a finite expected useful life are amortized on a straight- line basis over the expected useful life. This expected life is estimated to be between 5 and 7 years. The Company does not have any intangible assets with indefinite lives, other than goodwill. The estimated useful life and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

j) Share based payments

The Company grants stock options and restricted share units to certain employees, consultants and directors. Stock options generally vest over three years and expire after five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For share based payments of employees and others providing similar services the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. Until the Restricted share unit ("RSU") plan was modified in 2016, the units were accounted for using the fair value method. Under this method, the Company accrued a liability based on the fair value derived from the Black-Scholes option pricing model of the restricted share units issued. The accrued liability is adjusted at each statement of financial position date for the effect of the grants, vesting, exercises as well as the effect of changes in the underlying price of the Company's common shares. The offsetting entry is recorded as stock compensation expense. Effective April 2016, the Company revised its plan to allow for settlement in shares, at the Company's option, resulting in a change in accounting. As a result, the fair value is measured using the Black-Scholes option-pricing model on the grant date. The estimated value of the units is expensed on a straight line basis over the vesting period with the offsetting entry recorded as a stock compensation expense.

Periodically the Company acquires goods or services from parties other than employees in exchange for share based payments that are expected to be settled with equity instruments. Upon receipt, the transactions are measured at the fair value of the goods or services received, when such estimates can be estimated reliably, otherwise they are measured at the fair value of the equity instruments granted using the Black-Scholes option pricing model.

k) Income tax

Current tax assets and liabilities are recognized based on amounts receivable from or payable to a tax authority within the next 12 months. A current tax asset is recognized for a benefit relating to an unused tax loss or unused tax credit that can be carried back to recover current tax of a previous period. Deferred tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities on the consolidated statement of financial position using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle. The tax rates that are expected to be applied in future periods are based on the enacted or substantively enacted rates known at the end of the reporting period. Deferred tax assets are only recognized to the extent that it is probable that a taxable profit will be available when the deductible temporary differences can be utilized. A deferred tax asset is also recognized for any unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available for use against the unused tax losses and unused tax credits. Deferred tax assets and liabilities are not discounted. Current and deferred tax benefit or expense is recognized in the same period as the related transaction or event is recognized in net earnings. Current and deferred tax benefit or expense related to transactions or events in other comprehensive income or equity are recognized directly in those accounts. Current tax assets and liabilities are offset on the consolidated statement of financial position to the extent the Corporation has a legally enforceable right to offset and the amounts are levied by the same taxation authority or when the Corporation has the right to offset and intends to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are classified as long-term.

l) Revenue

The Company recognizes revenue when the amount of revenue can be reliably measured, when collectability is reasonably assured, and when probable future economic benefits will flow to the entity. Revenue is recognized at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of any sales-related taxes. Revenue for the year ended December 31, 2017 is comprised of professional services revenue and sales of the Company's products and is recognized as the services and products are rendered.

m) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

n) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options granted, warrants and convertible debentures. The number of shares includes the restricted share units when share settlement is more dilutive than cash settlement.

5. New standards and interpretations not yet adopted

The following new pronouncements have been issued but are not effective and may have an impact on the Company.

a) IFRS 9 Financial instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. Under IFRS 9, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded through other comprehensive income or loss rather than net income or loss. The new standard also introduces a credit loss model for evaluating impairment of financial assets. In addition, IFRS 9 provides a hedge accounting model that is more in line with risk management activities. The Company currently does not apply hedge accounting to its derivative contracts nor does it intend to apply hedge accounting upon adoption of IFRS 9. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company will adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The Company has concluded that the standard will not have a material impact on the consolidated financial statements.

b) IFRS 15 Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers," which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts" and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. The Company has concluded that the adoption of this standard on January 1, 2018 will not have a material impact on its earnings. Additional disclosures may be required upon the implementation of IFRS 15 to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

c) IFRS 16 Leases

IFRS 16 defines a lease when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17.

The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The extent of the impact of adoption of the standard has not yet been determined.

6. Business Acquisitions

Valued Veterans

Effective November 4, 2016, the Company acquired Valued Veterans LLC, a national appraisal management company, licensed throughout the United States. The company paid total consideration for the acquisition of Valued Veterans of $1,704, broken down as follows:

Cash	$-
Shares 8,463,377 at $0.105, fair value at date of acquisition	$888
Note payable $750 USD	1,006
Discount on note payable	(191)
Total Consideration	**$1,704**

Fair values of assets acquired and liabilities assumed through Valued Veterans acquisition were as follows:

Cash	$361
Receivables	1,196
Property, plant and equipment	66
Deposits	29
Customer Relationships	626
Licenses and registration	406
Payables	(606)
Line of credit	(283)
Tax liability	(92)
Net assets acquired	**$1,704**

The results of operations for the period of November 1 to December 31, 2016 are included in our consolidated net loss and comprehensive loss. Had the acquisition occurred on January 1, 2016, we estimate that sales for the twelve months ended December 31, 2016 would have increased by approximately $6,300 and the net loss would have decreased by approximately $400

7. Property, plant and equipment

Cost	Leasehold Improvements	Computer equipment & furniture	Software	Total
Balance as at January 1, 2016	$335	$175	$29	$539
Acquisitions	24	42	-	66
Additions	-	2	5	7
Disposals	(29)	(14)	(29)	(72)
Effect of movement in exchange rates	(10)	(5)	-	(15)
Balance as at December 31, 2016	$320	$200	$5	$525
Additions	8	43	-	51
Effect of movement in exchange rates	(22)	(19)	(0)	(41)
Balance as at December 31, 2017	$306	$224	$5	$535
Accumulated Depreciation				
Balance as at January 1, 2016	68	28	-	96
Depreciation	63	51	-	115
Disposals	(18)	(7)	-	(25)
Effect in movement of exchange rates	(1)	(0)	-	(1)
Balance as a December 31, 2016	$112	$72	$-	$184
Depreciation	63	43	3	109
Effect in movement of exchange rates	(10)	(13)	(0)	(23)
Balance as at December 31, 2017	$165	$103	$3	$270
Net book value				
At December 31, 2016	$208	$128	$5	$341
At December 31, 2017	$141	$122	$2	$265

8. Intangible Assets

Cost	Patents	Customer Relationships	License and Registration	Trade Names	Technology	Total	Goodwill
Balance as at January 1, 2016	$85	$3,100	$-	$997	$2,214	$6,396	$2,881
Additions	-	-	-	-	-	-	-
Business acquisition	-	626	406	-	-	1,032	-
Effect of movements in exchange rates	-	(92)	-	(30)	(62)	(183)	(86)
Balance as at December 31, 2016	**$85**	**$3,634**	**$406**	**$967**	**$2,152**	**$7,245**	**$2,795**
Additions	-	-	-	-	2,150	2,150	-
Effect of movements in exchange rates	-	(239)	(26)	(63)	(276)	(604)	(183)
Balance as at December 31, 2017	**$85**	**$3,395**	**$380**	**$904**	**$4,026**	**$8,790**	**$2,612**
Accumulated Amortization and Impairment Losses							
Balance as at January 1, 2016	85	$258	$-	$83	$380	$807	$-
Amortization	-	458	17	136	398	1,009	-
Effect of movements in exchange rates	-	(2)	-	(0)	(2)	(4)	-
Balance as at December 31, 2016	**$85**	**$714**	**$17**	**$219**	**$776**	**$1,811**	**$-**
Amortization	-	613	98	133	663	1,507	-
Effect of movements in exchange rates	-	(67)	(5)	(19)	(61)	(152)	-
Balance as at December 31, 2017	**$85**	**$1,260**	**$110**	**$333**	**$1,378**	**$3,166**	**$-**
Net Book Value							
At December 31, 2016	$-	$2,920	$389	$748	$1,376	$5,433	$2,795
At December 31, 2017	$-	$2,135	$270	$571	$2,648	$5,624	$2,612

In May 2017, the Company purchased intellectual property assets for $2,150. The technology acquired is a regression-based valuation solution which assists in measuring the impact on valuation of various factors. Consideration for this amount consisted of 11,520,000 common shares (fair value $0.175 per share) and a note payable for USD$100 (CDN $(125)).

Impairment Test

At December 31, 2017, the Company performed its required annual impairment test related to goodwill and concluded that there was no impairment of goodwill as the recoverable amount was higher than the carrying amount. For purposes of impairment testing the Company has determined it has one CGU. The Company used the calculation of fair value less costs of disposal ("FVLCOD") to determine the recoverable value. The Company is currently engaged in the process of a strategic alternatives review in order to investigate potential opportunities. As part of this process, certain possible strategic partners have expressed interest in the Company's assets, including the intangible assets. Based on these indications, the Company has concluded that the carrying value is supported by the FVLCOD.

Estimating fair value requires judgment, considering past and future performance as well as assessing expected outcomes of the strategic alternatives review.

9. Notes Payable

A summary of notes payable is as follows:

	December 31, 2017	December 31, 2016
Note payable on acquisition of Valued Veterans LLC	-	$837
Standby fee pursuant to Standby Facility	$350	-
Standby Facility waiver fee	1,030	-
Loan payable on purchase of intellectual property	125	-
Balance December 31	**$1,505**	**$837**

Under the terms of the Standby Facility with StableView Asset Management Inc. ("StableView"), the Company paid a 7% standby fee of $350 through the issuance of a promissory note which may be satisfied by issuance of common shares or added to the Facility at the discretion of StableView. The Company also issued a promissory note of $1,030 to StableView to obtain waiver of certain drawdown conditions. Both of these notes are unsecured, non-interest bearing and due on demand.

The purchase of intellectual property (note 8) was partially satisfied with an unsecured non-interest bearing promissory note for USD $100 to the vendors payable on or before March 31, 2018.

10. Debentures and Finance Costs

a) A summary of convertible debentures is as follows:

i) Convertible Debentures

	Face Amount	Liability Carrying Amount
Balance, January 1, 2016	$4,443	$3,741
Accretion of equity discount	-	338
Amortization of financing costs	-	133
Balance, December 31, 2016	**$4,443**	**$4,212**

	Face Amount	Liability Carrying Amount
Balance, January 1, 2017	$4,443	$4,212
Conversions	(1,582)	(1,582)
Redemption	(2,861)	(2,861)
Accretion of equity discount	-	175
Amortization of financing costs	-	56
Balance, December 31, 2017	**$-**	**$-**

The debentures which matured on May 9, 2017,accrued interest at a rate of 10% per annum payable semi-annually in cash or common shares, at the option of the holder. The debentures were secured against all of the Company's assets.

As these debentures are compound financial instruments, the gross proceeds, net of financing costs, were allocated between the liability and equity components on initial recognition. The liability was initially recorded at management's estimate of the fair value of debt without the conversion feature and reflects an interest rate of 20%. Transaction costs were allocated to the liability and equity components in proportion to the allocation of proceeds and were amortized over the life of the debt.

The debentures matured on May 9, 2017. Of the remaining balance of $4,443 on that date, $1,582 debentures were converted under terms of the debenture into units at $0.12 per unit (consisting of one common share and one purchase warrant) and $2,861 were redeemed. Upon conversion, each unit consisted of one common share of the Company and one common share purchase warrant. One common share purchase warrant is exercisable to acquire one common share of the Company at a price of $0.15 per common share for a period of 24 months from the date of issuance of the warrants.

ii) Standby Facility

	Face Amount	Liability Carrying Amount
Balance, January 1, 2017	$-	$-
Issuance of debentures	5,000	4,493
Issuance costs	-	(1,236)
Accretion of equity discount	-	196
Amortization of financing costs	-	470
Balance, December 31, 2017	**$5,000**	**$3,924**

On May 8, 2017 the Company issued an aggregate amount of $5,000 in principal amount of debentures Each debenture had an initial term of 3 months which has been extended for a further nine months. The debentures bear an interest rate of 2% per month calculated and payable monthly in cash or in common shares at the option of the lenders' representative. The facility is secured against all the property and assets of the Company and its subsidiaries. The facility is convertible at into common shares of the Company at $0.11 per share. Under the terms of the facility, the Company paid the lenders' representative a 7% standby fee, by issuing a $350 principal amount of promissory note, which may be satisfied by the issuance of common shares or added to the Facility at the option of the lenders' representative. The Company also paid a net to debt facility fee of 20% of the amount drawn under the facility through the issuance of $1,000 of non-convertible debentures (note 10(b)). The Company also made a payment of $1,030 to obtain waiver of certain drawdown conditions through the issuance of a promissory note, the maturity date is May 8, 2018 (note 9).

As these debentures are compound financial instruments, the gross proceeds, net of financing costs, were allocated between the liability and equity components on initial recognition. The liability was initially recorded at management's estimate of the fair value of debt without the conversion feature and reflects an interest rate of 24%. Transaction costs were allocated to the liability and equity components in proportion to the allocation of proceeds and will be amortized over the life of the debt.

b) A summary of non - convertible debentures are as follows:

	Face Amount	Liability Carrying Amount
Balance, January 1, 2016	$-	$-
Issuance of debentures	7,200	5,759
Issuance costs		(563)
Accretion of equity discount		177
Amortization of financing costs		80
Balance, December 31, 2016	**$7,200**	**$5,453**

	Face Amount	Liability Carrying Amount
Balance, January 1, 2017	$7,200	$5,453
Issuance of debentures	6,420	5,807
Issuance costs		(356)
Accretion of equity discount		560
Amortization of financing costs		198
Balance, December 31, 2017	**$13,620**	**$11,662**

StableView Facilities

Under the StableView facilities, the Company issued $10,200 of debentures during 2016 and 2017 which accrue interest at an annual rate of 15%, reducing to 12% on May 9, 2017. Each subscriber received three common share purchase warrants for every $1.00 of principal amount of Debenture, entitling the holder to purchase one common share. The warrants are exercisable for 36 months from the date of issuance at $0.11 per share. The debentures mature on January 25, 2019.

As these debentures are compound financial instruments, the gross proceeds, net of financing costs, were allocated between the liability and equity components on initial recognition. The liability was initially recorded at management's estimate of the fair value of the debt without the accompanying warrants, which reflected an interest rate of 24.63%. Transaction costs were allocated to the liability and equity components in proportion to the allocation of proceeds and will be amortized over the life of the debt.

At any time after six months after the issuance of the debentures, the debentureholders may, upon giving six months notice, require repayment of the outstanding debentures together with any accrued and/or unpaid interest. As a result, this facility is reflected in these financial statements as a current liability.

StableView Bridge Facility

Under the StableView Bridge facility, the Company issued $2,200 of debentures during 2017 which accrue interest at an monthly rate of 2%. Each subscriber received three common share purchase warrants for every $1.00 of principal amount of Debenture, entitling the holder to purchase one common share. The warrants are exercisable for 12 months from the date of issuance at $0.10 per share. The debentures mature November 14, 2018. The Company also paid a drawdown fee of 10% of the amount drawn under the facility through the issuance of an additional $220 of non-convertible debentures under this facility.

As these debentures are compound financial instruments, the gross proceeds, net of financing costs, were allocated between the liability and equity components on initial recognition. The liability was initially recorded at management's estimate of the fair value of debt without the accompanying warrants, which reflected an interest rate of 24.63%. Transaction costs were allocated to the liability and equity components in proportion to the allocation of proceeds and will be amortized over the life of the debt.

Standby Facility

As part of a May 2017 convertible debenture financing, the Company issued $1,000 of non-convertible debentures as a drawdown fee. The maturity date is May 8, 2018. The Company pays interest in the amount of 2% per month calculated and payable monthly in cash or common shares or at the option of the lenders representative .

11. Share Capital

a) Authorized and issued shares

The Company is authorized to issue an unlimited number of common voting and preferred shares without nominal or par value. The Company has no preferred shares outstanding. The following is a summary of the Company's issued and outstanding common shares:

	December 31, 2017		December 31, 2016 (recast see Note 17)	
	Number	Amount	Number	Amount
Balance, beginning of year	204,223,709	$79,386	185,718,885	$77,432
Exercise of warrants (note 11(e))	694,374	148	451,520	50
Conversion of debentures	12,291,668	1,153	-	-
Interest paid in shares	19,670,072	2,207	3,923,260	482
Shares issued for acquisition	-	-	8,463,377	889
Shares issued to pay liabilities	2,783,856	433	2,000,000	260
Shares issued under employment contract renegotiation	-	-	2,000,000	140
Shares issued on exercise of options	2,000,000	233	-	-
Shares issued on purchase of intangible assets	11,520,000	2,016	-	-
Shares issued for debenture costs	800,000	138	1,666,667	133
Transferred on expiry of warrants (note 11(e))	-	(3,263)	-	-
Balance, end of period	**253,983,679**	**$82,451**	**204,223,709**	**$79,386**

	December 31, 2017	December 31, 2016
Weighted average common shares outstanding - basic and diluted	231,509,838	192,070,374

b) Diluted loss per share

The shares potentially issuable under options, common share purchase warrants, convertible debentures and restricted share units are not included in the computation of diluted earnings/loss per share as to do so would be anti-dilutive.

c) Stock options outstanding

The Company has a stock option plan for directors, officers, employees and consultants, which permits the granting of options up to 10% of the issued and outstanding shares of the Company at the date of the grant. The number of options and exercise price thereof is set by the Board at the time of grant provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange on which the Company's shares may be listed.

The maximum number of options that may be granted to any one individual in any one twelve month period shall not exceed 5% of the Company's issued and outstanding common shares. The options granted under the plan may be exercisable for a period not exceeding five years and may vest at such times as the Board may determine at the time of grant.

Stock options granted generally vest 1/4 immediately, 1/4 at the six month anniversary date, 1/4 at the eighteen month and 1/4 at the twenty fourth month anniversary date and have a term of three to five years.

Total compensation expense related to stock options for the year ended December 31, 2017 amounted to $1,020 (2016 - $710). Fair value of options exercised is $330. The fair value of each option granted by the Company was estimated on the date of grant using the Black-Scholes option pricing model with assumptions of, a risk-free interest rate of 1.10%, estimated life of 5 years and an expected volatility of (127% to 129%). The strike price of the options is equal to the closing price of the shares on the day preceding the grant.

	December 31, 2017		December 31, 2016	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	11,413,820	$0.14	7,749,050	$0.27
Granted	15,515,080	$0.12	8,060,320	$0.10
Exercised	(2,000,000)	$0.07	-	-
Forfeited or expired	(3,918,580)	$0.21	(4,395,550)	$0.21
Outstanding, end of period	21,010,320	$0.11	11,413,820	$0.14
Options exercisable	**7,877,780**	**$0.13**	**7,298,608**	**$0.14**

Options outstanding at December 31, 2017

Exercise Prices	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$0.06 to $0.11	13,560,320	5,302,780	4.23 yrs	$0.08
$0.12 to $0.23	7,350,000	2,475,000	3.77 yrs	$0.17
$0.30 to $0.50	100,000	100,000	2.30 yrs	$0.30

d) Restricted share units ("RSUs")

The Company uses RSUs as a form of incentive compensation. Under the terms of the plan, the maximum number of RSUs that may be granted is equal to 10% of the number of the issued and outstanding common shares, the RSUs granted may be exercisable for a period not exceeding three years and may vest at such times as the Board may determine at the time of grant. Initially, the associated liability was cash-settled, based on the number of RSUs vested multiplied by the common share price on the vesting date less the strike price.

Effective April 2016, the Company's shareholders approved changes to the RSU plan which allow for settlement in shares at the Company's option. As a result, the RSU obligations were valued as at the date of the change and the resulting liability amount reclassified to contributed surplus. For any future RSUs, the fair value will be measured using the Black-Scholes option-pricing model on the grant date. The estimated fair value of the RSUs is expensed on a straight line basis over the vesting period.
During the years ended December 31, 2016 and 2017, there were no RSU's issued. During the year ended December 31, 2017, the Company recognized compensation expense of nil ((2016 - $116).

All RSU's issued vest as to 1/3 immediately, 1/3 at the first anniversary date and 1/3 at the second anniversary, except for 256,250 issued during the first quarter of 2015 that vested immediately.

The following table summarize the status of the RSU's:

	December 31, 2017		December 31, 2016	
	RSU's	Weighted Average Exercise Price	RSU's	Weighted Average Exercise Price
Outstanding, beginning of year	3,006,250	$0.21	5,763,250	$0.18
Granted	-	-	-	-
Expired or forfeited	(2,750,000)	0.21	(2,757,000)	0.14
Outstanding, end of period	256,250	$0.21	3,006,250	$0.21
Exercisable, end of period	**256,250**	**$0.21**	**3,006,250**	**$0.21**

The weighted average contractual life of the outstanding and exercisable RSU's is 0.09 years. They have expired since year end with no liability.

e) Warrants

A summary of warrants outstanding at December 31, 2017 and December 31, 2016 is as follows:

	December 31, 2017		December 31, 2016 (recast see Note 17)	
	Number	Amount	Number	Amount
Balance, beginning of period	78,558,186	$826	71,666,714	$1,934
Warrants granted with debentures, net of tax (note 10(b))	14,822,222	421	21,178,200	951
Issued on severance of employee	-	-	1,200,000	33
Warrants issued for fees	-	-	450,000	35
Broker warrants issued	19,375	2	-	-
Conversion of debentures (note 10(a))	12,291,668	849	-	-
Exercised	(694,374)	(45)	(85,374)	-
Expired	(55,035,612)	(248)	(15,851,354)	(2,127)
Balance end of period	49,961,465	$1,805	78,558,186	$826

On September 12, 2017, warrantholders approved amendments to share purchase warrants which were to expire on December 11, 2017. The amendments resulted in the early expiration of 52,757,045 warrants on October 12, 2017 in exchange for $0.125 per warrant resulting in a liability of $659. The provisions of the amendment allowed the company to settle (subject to approval by the TSXV) for amount due to warrantholder by issuing shares which was done subsequent to year end. The value attributed to the initial issuance of the warrants was $3,263 and was originally included in share capital. Upon expiry, the $659 liability was recorded in accrued liabilities and the balance transferred to contributed surplus.

The number of warrants outstanding at December 31, 2017, the per common share exercise price and the number of shares issuable upon exercise of warrants outstanding is as follows:

Warrant Description	Number of Warrants	Common Shares Issuable on Exercise of Outstanding Warrants	Exercise Price per Common Share	Weighted Average Remaining Life (years)
Warrants (i)	1,200,000	1,200,000	$0.25	1.07
Warrants (ii)	4,928,100	4,928,100	$0.11	1.07
Warrants (iii)	7,250,100	7,250,100	$0.11	1.41
Warrants (iv)	4,950,000	4,950,000	$0.11	1.72
Warrants (v)	4,500,000	4,500,000	$0.11	1.89
Warrants (vi)	3,000,000	3,000,000	$0.11	2.06
Warrants (vii)	12,291,668	12,291,668	$0.15	1.33
Warrants (viii)	2,444,444	2,444,444	$0.135	2.18
Warrants (ix)	2,444,444	2,444,444	$0.135	2.24
Broker Warrants (x)	19,375	19,375	$0.15	1.32
Warrants (xi)	6,933,334	6,933,334	$0.10	0.95
Balance, December 31, 2017	49,961,465	49,961,465		

i) Warrants issued to former executive as severance under contract. Each warrant entitles the holder to purchase one common share at an exercise price of $0.25 for the period of 36 months from the date of issuance.

ii) Warrants issued as part of the debenture financing in January 2016, a total of 3 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.11 for a period of 36 months from date of issuance. 4,905,000 warrants issued with the debentures and 23,100 finder warrants.

iii) Warrants issued as part of the debenture financing in June 2016, a total of 3 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.11 for a period of 36 months from date of issuance. 7,245,000 warrants issued with the debentures and 5,100 finder warrants.

iv) Warrants issued as part of the debenture financing September 2016, a total of 3 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.11 for a period of 36 months from date of issuance. 4,950,000 warrants issued with the debentures.

v) Warrants issued as part of the debenture financing November 2016, a total of 3 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.11 for a period of 36 months from date of issuance. 4,500,000 warrants issued with the debentures.

vi) Warrants issued as part of the debenture financing January 23, 2017 a total of 3 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.11 for a period of 36 months from date of issuance. 3,000,000 warrants issued with the debentures.

vii) Warrants issued on conversion of debentures to shares and warrants issued in March, April and May 2017 for a total of 12,291,668. Each warrant entitles the holder to purchase one common share at $0.15 for a period of 24 months from date of issuance.

viii) Warrants issued as part of the debenture financing March 6, 2017 a total of 2.44 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.135 for a period of 36 months from date of issuance. 2,444,444 warrants issued with the debentures.

ix) Warrants issued as part of the debenture financing March 28, 2017 a total of 2.44 warrants issued to each subscriber for every $1.00 of principal amount of debentures. Each warrant entitles the holder to purchase one common share at $0.135 for a period of 36 months from date of issuance. 2,444,444 warrants issued with the debentures.

x) Warrants issued on exercise of warrants, 19,375 warrants issued. Each warrant entitles the holder to purchase one common share for $0.15 for a period of 24 months from the date of issue.

xi) Warrants issued part of debentures financing in December 2017, 6,933,334 warrants issued. Each warrant entitles to the holder to purchase one common share at $0.10 until November 14, 2018.

f) Convertible Debentures

As described in note 10(a), the Company has issued debentures that are convertible into common shares of the Company. A summary of the equity component of convertible debentures is as follows:

	December 31, 2017	December 31, 2016 (recast see Note 17)
Balance, beginning of period (note 16)	$1,598	$1,598
Redeemed/Transfer on conversion to common shares and warrants (note 17)	(1,548)	-
Equity portion of issuance, net of tax (note 10(a)(ii))	268	-
Balance, end of period	$318	$1,598

g) Capital Management

The Company defines capital as debt and shareholders' equity totaling $4,939 at December 31, 2017 (December 31, 2016 –$5,320). The Company's primary capital management objective is to maintain a strong balance sheet affording the Company financial flexibility to achieve goals of continued growth and access to capital. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust spending, issue new shares or consider the issue of new debt. The Company has no externally imposed capital requirements. See note 2 – Going concern uncertainty.

There were no changes in the Company’s approach to capital management during the period.

12. Financial instruments and financial risk factors

The Company is exposed to a number of different financial risks arising from normal course business exposures, as well as the Company's use of financial instruments. These risk factors include market risks relating to foreign exchange risk, as well as liquidity risk, interest rate risk, and credit risk. The Company has no commodity price risk.

a) Market risks

i) Interest rate risk

The Company’s convertible and non-convertible debentures are at fixed rates of interest and therefore not exposed to cash flow risk. The remainder of the Company’s financial assets and liabilities are short-term in nature and therefore are not exposed to interest rate risk.

ii) Currency risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movement that could adversely affect the value of the Company's financial assets, liabilities and expected future cash flows is foreign exchange risk. The Company is exposed to risk from fluctuations in foreign currency exchange rates as portions of its financial instruments are denominated in U.S. dollars. The Company does not use derivative instruments to mitigate the effects of foreign exchange changes between the recording date of the accounts receivable and payable and the actual receipt of cash or payment.

US Dollar Denominated	Carrying Amount
Cash	$28
Accounts Payable	(264)
Accrued Liabilities	(126)
Note payable	(125)
Total	$(488)

A $0.01 increase in the value of the Canadian Dollar would decrease the net loss by approximately $5,000.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's ability to continue as a going concern and to fully carry out its business plan is contingent upon non-operational sources of financing to fund its operations and to meet its obligations on a timely basis, the continued forbearance of its creditors, shareholders and suppliers and ultimately achieving profitability, but there is no assurance that this will occur. Accordingly, there is material uncertainty regarding the Company's ability to continue as a going concern as described in note 2.

The following is a maturity analysis of the Company's financial obligations at December 31, 2017:

	Less than one month	One-three months	Three months to one year	Beyond one year	Total
Accounts payable	$6,279	$-	$-	$-	$6,279
Note payable	-	-	1,505	-	1,505
Convertible debentures	-	-	5,000	-	5,000
Non-convertible debentures	-	-	13,620	-	13,620
	$6,279	**$-**	**$20,125**	**$-**	**$26,404**

Although the non-convertible debentures are due beyond one year, they are classified as current liabilities due to a call provision which allows for them to be called on six month's notice (note 10(b)).

c) Credit risk

Credit risk represents the financial loss that the Company would experience if a customer or counterparty to a financial obligation, in which the Company has an amount owing from the counterparty failed to meet its obligations to the Company. The carrying amount of the Company's financial assets, including receivables from customers, represents the Company's maximum credit exposure.

The majority of the accounts receivable balance relates to invoices to customers that have a history of payment. In addition, a large proportion of the Company's accounts receivable is with large financial institutions where the credit risk has historically been assessed to be low.

The aging of accounts receivables at the reporting date was:

	December 31, 2017	December 31, 2016
Current	$969	$671
30-60 days	712	365
60-90 days	85	270
Greater than 90 days	138	140
Total accounts receivable	1,904	1,446
Allowance for doubtful accounts	(86)	(136)
Net accounts receivable	$1,818	$1,310

An allowance for doubtful account receivable is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible at which point the amounts are considered to be uncollectible and are written off against the specific accounts receivable amount attributable to a customer. The number of days outstanding of an individual receivable balance is the key indicator for determining whether an account is at risk of being impaired.

The Company has increased the number of customers that it serves during the year and no longer considers itself economically dependent on certain, large customers. The Company estimates that approximately 58% of its annual revenue is derived from its top two customers.

d) Fair values

The carrying values of receivables, accounts payable and accrued liabilities and notes payable approximate their fair values due to the relatively short periods to maturity of the instruments.

The accounting standard regarding fair value measurement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, as follows:

- Level 1 – Observable inputs such as quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash is a Level 1 fair value measurement.

The Company's convertible and non-convertible debentures are not traded in the market and therefore we reviewed the fair value using the estimated effective interest rate the Company would have to pay for a similar borrowing without a conversion feature. Using an estimated effective interest rate of 24% - 27%, the face value of the debentures would have a fair value which approximates carrying value. We consider this a level 3 analysis that utilizes a proxy in place of observable market data.

13. Expenses by nature

a) Selling, general and administrative

	December 31, 2017	December 31, 2016
Wages, benefits and consulting	$4,713	$3,188
Other	679	536
Public company costs	413	211
Office costs	529	411
Insurance	143	134
Share based payments	1,020	710
Professional fees	1,099	1,784
Depreciation of equipment	109	115
Amortization of intangible assets	1,507	1,009
	$10,212	**$8,098**

b) Platform and product development

	December 31, 2017	December 31, 2016
Information and service providers	$1,162	$987
Development remuneration	1,130	591
	$2,292	**$1,578**

c) Finance costs

	December 31, 2017	December 31, 2016
Other interest	161	-
Coupon interest	$2,382	$1,015
Amortization of deferred finance costs	725	213
Accretion of equity discount	930	515
Finance fees	1,746	602
Total Finance Costs	**$5,944**	**$2,345**

d) Other expense

	December 31, 2017	December 31, 2016
Severance	$-	$243
Loss on disposal of fixed assets	-	47
Other	3	4
	$3	$294

14. Income taxes

a) The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 27% (2016 – 27%) to the loss for the years as follows:

	December 31 2017	December 31 2016 (recast see Note 17)
Loss before income taxes	$(14,786)	$(9,839)
Anticipated income tax recovery	(3,992)	(2,657)
Other	773	(1,300)
Share based payments	275	439
Unrecognized (recognized) deferred income tax benefits	2,689	3,167
Provision for income taxes	**$(255)**	**$(351)**

b) Recognized deferred tax liabilities

The components of the Company's deferred income tax liabilities are as follows:

	December 31 2017	December 31 2016
Convertible and non-convertible debentures	(819)	(534)
Non-Capital loss carry forward and share issue costs	819	534
	$-	$-

c) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31 2017	December 31 2016
Non-capital loss carry forwards & financing costs	61,262	54,606
Capital loss carry forwards	21,177	21,177
ITC carry forward	116	116
Other	1,759	412
	$84,314	$76,311

The non-capital losses carried forward expire between 2026 and 2037. The deductible temporary differences, capital loss carry-forwards and ITC carry-forward do not expire under current tax legislation. The benefit of these items has not been recognized in the financial statements.

15. Related Party Transactions

The key management personnel of the Company are the members of the Company's executive management team at the Company's operating segments and head office and the directors of the Company. The Company reimbursed a lender for legal services provided to the lender by a firm of which a director is a partner. Related party transactions were made on terms equivalent to those that prevail in an arm's length transaction.

	December 31, 2017	December 31, 2016
Salaries and employee benefits	$1,303	$1,104
Share-based compensation	483	519
Severance	-	243
Disbursements for legal services	384	291
	$2,170	$2,157

There were no significant post-employment benefits or other long-term benefits attributed to the key management personnel in 2017 or 2016.

In May 2017, the Company acquired intellectual property assets for $2,150. One of the vendors is an officer of the Company. As a result of the transaction, 50% of the shares and notes issued as consideration for the acquisition were with a related party.

An officer of the Company holds $100 of the Standby Facility convertible debentures.

StableView has arranged and provided financing for the Company during the past three years. As of December 31, 2017, StableView has control or direction over 14% of the Company's common shares, substantially all of the debentures and holds 36.3 million warrants.

During the period, the Company paid or accrued the following amounts due to StableView or its managed accounts:

	December 31, 2017	December 31, 2016
Financing facility and administration	$214	$599
Placement fees	-	5
Reimbursements	6	-
Financial advisory fees	1,024	150
Standby facility fee and waiver fee	1,380	-
Standby facility drawdown fee	1,220	350
Interest	2,382	527
	$6,226	$1,630

16. Commitments and Contingencies

Operating leases

The Company is committed to operating leases for office premises. The approximate annual lease payments are as follows:

2018	209
2019	18
	$227

17. Recasting

During 2017, management determined that a deferred tax liability had not been recorded on the temporary difference arising on the equity portion of the convertible and non-convertible debentures issued since 2010. This matter has been corrected by adjusting the January 1, 2016 opening balances within the Consolidated Statement of Changes in Equity. The adjustments affect Share Capital, Warrants, Contributed Surplus and the Equity of Component Debentures in the amounts of $267, $195, $172, and $480 respectively and are offset against the Deficit to reflect amounts arising prior to January 1, 2016. Additionally, a deferred tax recovery amount of $351 has been recognized in 2016 with an offset to Warrants. This recast did not result in any changes to EPS.

18. Subsequent Events

a) On February 14, 2018, the Company announced the closing of $300 under the Bridge Facility in exchange for issuance of $330 of debentures and 900,000 share purchase warrants exercisable at $0.10 per share.

b) On March 9, 2018, the Company issued 6,594,636 shares to former warrantholders to satisfy $659 payable as a result of early termination of the warrants.