ID Watchdog, Inc.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2015 and 2014

Introduction

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of ID Watchdog, Inc.'s (the "Company's" or the "Company") consolidated results of operations and financial position. This "Management's Discussion and Analysis" ("MD&A") should be read in conjunction with the unaudited consolidated interim condensed financial statements of the Company for the three and nine month periods ended September 30, 2015 and 2014, and the notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in U.S. dollars as all of the Company's revenues and expenses are recorded in U.S. dollars. Additional information on the Company, including the Company's audited financial statements for the year ended December 31, 2014, can be accessed from SEDAR at www.sedar.com as well as from the Company's website at www.idwatchdog.com in the "Company Overview" section. Information contained in this report is qualified by reference to the discussion concerning forward-looking information and statements beginning on page 21 of this MD&A.

International Financial Reporting Standards ("IFRS")

The Company's unaudited consolidated interim condensed financial statements and the financial information included in this MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are effective as of November 11, 2015.

Except as otherwise noted, this MD&A is presented in U.S. dollars, which is the Company's functional currency.

Definitions Relative to Understanding our Results

Earnings before net interest expense, income taxes, and depreciation and amortization expense ("EBITDA").

Earnings before net interest expense, income taxes, depreciation and amortization, share-based compensation, litigation provision and gain (loss) on warrant liability ("adjusted EBITDA").

We report on our adjusted EBITDA and use this metric to measure the performance of our business. Adjusted EBITDA is not a performance measure defined under IFRS and is not considered an alternative to income (loss) from operations or net earnings (loss) in the context of measuring the Company's performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable with similar measures used by other publicly traded companies. Adjusted EBITDA should not be used as an exclusive measure of cash flow since it does not account for the impact of working capital changes, taxes, interest payments, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed on pages 10, 11, 12 and 13 of this MD&A.

Background and Description of Business

Through the distribution channels described below in the section, "Marketing of Services", the Company delivers a variety of identity theft detection, protection and resolution services primarily to individuals and families on a subscription basis, through its wholly owned subsidiary, Identity Rehab Corporation, which was founded in 2005.

Identity theft occurs when someone fraudulently uses personal identifying information (e.g. name, birth date, social security number, credit card number) to obtain goods or services under the identity theft victim's name. Identity theft is one of the fastest growing crimes in the United States.

We have developed comprehensive solutions that incorporate elements from six distinct categories designed to work together to detect, diagnose, and resolve consumer identity theft and other consumer data issues as follows:

- **Identity Monitoring:** ID Watchdog's identity monitoring service will scan public and private consumer databases generating client alerts of suspicious activity associated with name, address, phone number, date of birth, and social security number.

- **Cyber Monitoring**: Our service will scan known malicious chat rooms, blogs, and underground websites for client name, credit card information, and social security number that can be bought and sold for fraudulent usage.

- **Non-Credit Loan Monitoring**: This service will monitor data feeds from non-credit loan outlets which may provide applicants a loan of up to $1,000 while requiring only an address and proof of employment.

- **Credit Reports and Credit Scores:** We provide online access to credit reports and credit scores from Experian, TransUnion and Equifax to check the validity and accuracy of client account information.

- **Credit Monitoring**: We monitor daily for changes to the customer's credit reports from Experian, Equifax, and TransUnion. There are twenty-six different alert types that can detect potential fraudulent activity.

- **Resolution Services:** In cases where identity theft is detected, our resolution service will find it, stop it, and fix it before any further significant damage occurs. Identity theft cases are assigned to a dedicated in-house staff of identity theft resolution experts.

Marketing of Services

We utilize strategic partner distribution channels to assist us in selling our identity theft protection services to our partners' customer bases. Our primary distribution channels are as follows:

- **Employee Benefit Channel:** We acquire these customers through relationships with benefit brokers and other entities ("Benefit Broker or Benefit Brokers") that focus on designing and negotiating customized employee benefit programs for their employer clients. In this channel, our Benefit Broker partners recommend and promote our services to their employer clients who then offer our services as a voluntary benefit to their employees (the "Employee Benefit Channel"). We continue to expand this sales channel and ultimately our customer base by significantly expanding the number of Benefit Broker relationships and the depth and breadth of our relationships within these Benefit Brokers. We commenced these expansion efforts in the second quarter of 2012, and we are in midway through the process of building a nationwide network of these Benefits Brokers. We are focusing substantially all of our efforts on further development and expansion of the Employee Benefit Channel and anticipate that this channel will generate virtually all of our revenue growth in the foreseeable future.

- **Tech Support Channel:** In this channel, we utilize third-party entities who provide personal computer performance enhancement services (the "Sales Affiliates"), to sell our services as an add-on product offering directly to their customers (the "Tech Support Channel"). In conjunction with the Sales Affiliates, we also utilize a third-party vendor (the "Billing Vendor") to bill, process and collect payments from the customers who are sold their subscriptions to our services by the Sales Affiliates. The Billing Vendor receives a per transaction processing fee for providing their services. In addition, the Billing Vendor pays the Sales Affiliates a fee for each sale, as agreed upon by the Company and the Sales Affiliate, and remits the balance of the revenue to the Company.

  The Company is not planning to engage any Sales Affiliates for this channel in the future and we do not expect add any new customer subscriptions in this channel for the foreseeable future.

- **Consumer Marketing and Other Channels:** In the past, the Company utilized direct consumer advertising, telemarketing and online affiliate marketing programs to sell its services (the "Consumer Marketing Channel"). While the Company no longer utilizes these strategies to sell its services, a significant number of customers that were sold their subscriptions through the Consumer Marketing Channel have renewed their service subscriptions and remain as customers from this channel.

  Also included in this category are customers, which we acquired as part of a purchase of certain assets from a third-party identity theft protection company in May 2013 (the "Purchased Customers"), and customers the Company has acquired by partnering with anti-virus and other desktop software providers who provide our identity theft protection services as an add-on product offering to their end user customers.

Balance Sheet Data

	As of September 30, 2015	As of December 31, 2014
	(Unaudited)	(Audited)
Cash and cash equivalents	$ 946,364	$ 886,476
Total assets	1,606,306	1,281,056
Total long term liabilities	5,005,038	4,876,529
Total liabilities	6,761,403	6,378,402
Total shareholders' deficit	(5,155,097)	(5,097,346)

Results of Operations

The financial information set out below is based on and derived from our unaudited consolidated interim condensed statements of operations for the three and nine month periods ended September 30, 2015 and 2014.

	For the Three Months Ended September 30,	
	2015	2014
	(Unaudited)	(Unaudited)
Revenue	$ 1,377,583	$ 887,685
Cost of services	377,296	231,938
Gross profit	1,000,287	655,747
Operating expense	814,240	591,054
Operating income	186,047	64,693
Adjusted EBITDA	211,150	103,319
Net loss and comprehensive loss applicable to ordinary shares	$ (110,150)	$ (225,191)
Basic and diluted net loss per share	$ (0.00)	$ (0.00)

	For the Nine Months Ended September 30,	
	2015	2014
	(Unaudited)	(Unaudited)
Revenue	$ 3,943,534	$ 2,520,632
Cost of services	1,054,230	734,330
Gross profit	2,889,304	1,786,302
Operating expense	2,428,355	1,676,083
Operating income	460,949	110,219
Adjusted EBITDA	532,579	227,149
Net loss and comprehensive loss applicable to ordinary shares	$ (168,463)	$ (569,468)
Basic and diluted net loss per share	$ (0.00)	$ (0.00)

Summary of Quarterly Results (Unaudited)

	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenue	$ 1,377,583	$ 1,296,265	$ 1,269,686	$ 948,836
Cost of revenue	377,296	329,285	347,649	254,706
Gross profit	1,000,287	966,980	922,037	694,130
Operating expense:				
General and administrative	333,187	377,673	331,226	268,340
Sales and marketing	455,950	430,166	428,523	239,184
Share-based compensation	13,054	11,066	14,293	18,154
Depreciation and amortization	12,049	10,956	10,212	11,513
	814,240	829,861	784,254	537,191
Operating income	186,047	137,119	137,783	156,939
Other income (expense)	(296,197)	(300,368)	(32,847)	233,467
Net income (loss) and comprehensive income (loss) applicable to ordinary shares	$ (110,150)	$ (163,249)	$ 104,936	$ 390,406
Basic and diluted net income (loss) per share	$ *	$ *	$ *	$ *

* Per share income (loss) is less than $0.01 and $(0.01), respectively.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Net income (loss)	$ (110,150)	$ (163,249)	$ 104,936	$ 390,406
Depreciation and amortization expense	12,049	10,956	10,212	11,513
Interest expense, net	202,495	300,368	232,506	205,782
EBITDA	104,394	148,075	347,654	607,701
Loss (gain) on warrant liability	(66,298)	–	(199,659)	(439,249)
Litigation provision	160,000	–	–	–
Share-based compensation expense	13,054	11,066	14,293	18,154
Adjusted EBITDA	$ 211,150	$ 159,141	$ 162,288	$ 186,606

Summary of Quarterly Results (Unaudited)

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Revenue ……………………..……	$ 887,685	$ 842,320	$ 790,627	$ 678,911
Cost of revenue……………………	231,938	253,562	248,830	206,894
Gross profit……………….........	655,747	588,758	541,797	472,017
Operating expense:				
General and administrative........	356,122	300,236	340,857	278,421
Sales and marketing ……………	196,306	173,435	142,197	178,246
Share-based compensation..….	24,029	35,159	59,779	246,315
Depreciation and amortization....	14,597	15,136	18,230	17,182
	591,054	523,966	561,063	720,164
Operating income (loss)..…………	64,693	64,792	(19,266)	(248,147)
Other expense…………………....	(289,884)	(373,005)	(16,798)	(830,593)
Net loss and comprehensive loss applicable to ordinary shares…	$ (225,191)	$ (308,213)	$ (36,064)	$ (1,078,740)
Basic and diluted net loss per share ……………………………	$ *	$ *	$ *	$ (0.01)

* Per share income (loss) is less than $0.01 and $(0.01), respectively.

Reconciliation of Net Loss to Adjusted EBITDA

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Net loss………………………………	$ (225,191)	$ (308,213)	$ (36,064)	$ (1,078,740)
Depreciation and amortization expense…………………...……..	14,597	15,136	18,230	17,182
Interest expense, net……………..……	210,021	213,278	216,456	211,651
EBITDA………………………………	(573)	(79,799)	198,622	(849,907)
Loss (gain) on warrant liability…….	79,863	159,727	(199,658)	618,942
Share-based compensation expense…………………….………..	24,029	35,159	59,779	246,315
Adjusted EBITDA..…………………...	$ 103,319	$ 115,087	$ 58,743	$ 15,350

The previous quarterly information has been prepared by management in accordance with IFRS, except for EBITDA and adjusted EBITDA (see Definitions Relative to Understanding our Results on page 1 of this MD&A).

Revenues have increased consistently beginning in the fourth quarter of 2013 due to increased revenue from our Employee Benefit and Tech Support Channels as well as from revenue generated from the Purchased Customers acquired in May 2013.

General and administrative expense has fluctuated from quarter to quarter generally due to changes in professional services and travel related expenses. Also, general and administrative expense has increased in the first quarter of each year as we incur substantially all of our annual independent audit fees in the first quarter.

Sales and marketing expense has fluctuated from quarter to quarter generally due to the level of marketing activities during the particular quarter and from travel related expenses. Also, an increasing percentage of our sales and marketing expense are commissions paid to our Benefit Brokers, which will increase as our Employee Benefit Channel revenues increase.

Adjusted EBITDA and operating income (loss) have generally improved quarter to quarter as we have benefited from increasing revenues, improving gross margins and operating leverage.

Our net income (loss) has changed significantly from quarter to quarter primary due to the recognition of gain (loss) on warrant liabilities and from declining operating losses or increasing operating income.

Results of Operations

Revenues

Total revenue increased $489,898, or 55.2%, from $887,685 for the third quarter of 2014 to $1,377,583 for the third quarter of 2015. Total revenue increased $1,422,902, or 56.5%, from $2,520,632 for the first nine months of 2014 to $3,943,534 for the first nine months of 2015.

Revenue from our Employee Benefit Channel increased $566,642, or 130.2%, from $435,172 for the quarter ended September 30, 2014 to $1,001,814 for the quarter ended September 30, 2015. The increase in our Employee Benefit Channel revenue from the third quarter of 2014 to the third quarter of 2015 was the result of a 153% increase in the monthly average number of customers subscribing to our services.

Revenue from our Employee Benefit Channel increased $1,621,616, or 137.4%, from $1,180,471 for the nine month period ended September 30, 2014 to $2,802,087 for the nine month period ended September 30, 2015. The increase in our Employee Benefit Channel revenue from the first nine months of 2014 to the first nine months of 2015 was the result of a 144% increase in the monthly average number of customers subscribing to our services.

The increases in customers in this channel for both the three and nine month periods ended September 30, 2015, as compared to the similar periods in the prior year, are the result of our continuing efforts to expand our network of Benefit Brokers who promote our services to their employer clients.

Revenue from our Tech Support Channel decreased $39,252, or 17.5%, from $224,411 for the quarter ended September 30, 2014 to $185,159 for the quarter ended September 30, 2015. Revenue from our Tech Support Channel decreased $86,216, or 13.2%, from $654,860 for the nine months ended September 30, 2014 to $568,644 for the nine months ended September 30,

2015. The decreases in our Tech Support Channel revenue from the three and nine months ended September 30, 2014 as compared to the three and nine months ended September 30, 2015 were the result of decreases in the monthly average number of customers subscribing to our services, which were partially offset by increases in the monthly average revenue per customer.

On November 21, 2014 (the "Termination Date"), we terminated our sales and revenue sharing arrangement with our principal Sales Affiliate and as a result, we do not expect any new customer subscription activity in this channel for the foreseeable future as we are not adding any new customers in this channel and a significant number of our existing customers don't renew their subscriptions upon expiration. As a result, we anticipate that the monthly average number of customers subscribing to our services will decrease significantly going forward. Also, for customers who have renewed their service subscriptions with us subsequent to the Termination Date, we are no longer subject to the revenue share with the principal Sales Affiliate, which will serve to increase our monthly average revenue per customer beginning in the third quarter of 2015 (see Provision on page 17 of this MD&A). The significant decrease in the number of customers will only be partially offset by the increase in the average revenue per customer, which will likely result in a 15% to 20% decrease in Tech Support Channel revenue in 2015 as compared to 2014.

Revenue from our Consumer Marketing and Other Channels, which includes revenue for our consumer marketing customers, the Purchased Customers we acquired in May 2013 and our anti-virus partner customers, decreased $37,492, or 16.4%, from $228,102 for the quarter ended September 30, 2014 to $190,610 for the quarter ended September 30, 2015. This decrease was due primarily to a $39,454 decrease in the revenue recognized from the Purchased Customers.

Revenue from our Consumer Marketing and Other Channels, decreased $112,498, or 16.4%, from $685,301 for the nine months ended September 30, 2014 to $572,803 for the nine months ended September 30, 2015. This decrease was due primarily to a $97,596 decrease in the revenue recognized from the Purchased Customers.

Cost of Revenue

Cost of revenue consists primarily of the following:

- Fees paid to data providers; and
- Cost of personnel and other related costs incurred for customer identity monitoring and resolution.

Cost of revenue for the third quarter of 2015 was $377,296, resulting in a gross profit of $1,000,287, while the cost of revenue for the third quarter of 2014, was $231,938, resulting in a gross profit of $655,747. The gross margin for the third quarter of 2015 was 72.6% as compared to a gross margin of 73.9% for the third quarter of 2014.

Cost of revenue for the first nine months of 2015 was $1,054,230, resulting in a gross profit of $2,889,304, while the cost of revenue for the first nine months of 2014, was $734,330, resulting

in a gross profit of $1,786,302. The gross margin for the first nine months of 2015 was 73.3% as compared to a gross margin of 70.9% for the first three quarters of 2014.

The $145,358 increase in cost of revenue for the three months ended September 30, 2015 as compared to the similar period in the prior year is primarily the result of increased personnel-related expenses and data services expenses of $75,312 and $59,156, respectively.
The $319,900 increase in cost of revenue for the nine months ended September 30, 2015 as compared to the similar period in the prior year is primarily the result of increased personnel-related expenses and data services expenses of $153,814 and $142,799, respectively.

Personnel related expenses increased as a result of increased staffing levels in order to service a growing customer base and represented 9.1% and 5.6% of revenue for the three month periods ended September 30, 2015 and 2014, respectively, and 7.8% and 6.1% or revenue for the nine month periods ended September 30, 2015 and 2014, respectively.

While our data costs increased as a result of a significant increase in the number of customers, our data costs as a percent of revenue decreased to 13.0% for the three month periods ended September 30, 2015 from 13.6% in the prior year period, and to 13.5% for the nine month period ended September 30, 2015 from 15.4% in the prior year period as a result of improved data management techniques in 2015 as compared to 2014.

General and Administrative Expense

General and administrative expense consists primarily of the following:

- All salaries and related benefits (excluding marketing salaries, related benefits and share – based compensation);
- Professional services expenses including legal fees, accounting fees and other professional services;
- Office rent and other office related costs; and
- Other administrative expenses.

General and administrative expense decreased $22,935, or 6.4%, from $356,122 during the third quarter of 2014 to $333,187 during the third quarter of 2015. This decrease is primarily the result of a $15,829 decrease in professional services and $10,251 decrease in office related expenses, and was partially offset by an increase in personnel costs of $12,051.

General and administrative expense increased $44,871, or 4.5%, from $997,215 during the first nine months of 2014 to $1,042,086 during the first nine months of 2015. This increase is primarily the result of a $133,638 increase in management compensation and recruiting fees, which was partially offset by the following:

- A $29,196 decrease in software licensing fees;
- A $25,896 decrease in travel and entertainment expenses;
- A $12,677 decrease in professional services; and
- A $65,869 decrease in various other expenses.

Over the short term, general and administrative expense should remain relatively constant quarter to quarter with meaningful fluctuations driven primarily from professional services related activities. Over the longer term, general and administrative expense should increase modestly as our revenues increase.

Sales and Marketing Expense

Sales and marketing expense consists primarily of the following:

- Third party benefit broker commissions;
- Salaries, commissions and benefits of sales and marketing personnel;
- Marketing and promotional materials; and
- Other marketing expenses.

Sales and marketing expense for the third quarter of 2015 totalled $455,950 as compared to $196,306 for the similar period in 2014, an increase of $259,644, or 132.3%. The significant items contributing to this increase are as follows:

- A $161,179 increase in third party benefit broker commissions due to increased Employee Benefit Channel revenue;
- A $53,678 increase in trade show and other promotional expenses;
- A $31,398 increase in travel and entertainment expenses; and
- A $22,490 increase in personnel related expenses due to the hiring of additional marketing personnel and increased sales commission expense.

Sales and marketing expense for the first nine months of 2015 totalled $1,314,639 as compared to $511,938 for the similar period in 2014, an increase of $802,701, or 156.8%. The significant items contributing to this increase are as follows:

- A $458,008 increase in third party benefit broker commissions due to increased Employee Benefit Channel revenue;
- A $154,998 increase in personnel related expenses due to the hiring of additional marketing personnel and increased sales commission expense;
- A $108,899 increase in trade show and other promotional expenses; and
- A $90,289 increase in travel and entertainment expenses.

Adjusted EBITDA

For the third quarter of 2015, adjusted EBITDA improved by $107,831 to $211,150 as compared with $103,319 for the similar period in 2014, resulting in adjusted EBITDA margins of 15.3% and 11.6% for the third quarter of 2015 and 2014, respectively. The improvement in adjusted EBITDA is due primarily to the $344,540 improvement in gross margin as described above, which was partially offset by an increase in sales and marketing expenses of $259,644.

For the first nine months of 2015, adjusted EBITDA improved by $255,430 to $532,579 as compared with $277,149 for the similar period in 2014, resulting in adjusted EBITDA margins of

13.5% and 11.0% for the first nine months of 2015 and 2014, respectively. The improvement in adjusted EBITDA is due primarily to the $1,103,002 improvement in gross margin as described above, which was partially offset by increases in sales and marketing expenses and general and administrative expenses of $802,701 and $44,871, respectively.

Share-based Compensation

The Company follows IFRS 2 "Stock-based compensation and other stock-based payments", which established standards for the recognition, measurement and disclosure of share-based compensation. The Company accounts for share-based payments as equity settled transactions where the fair value of options granted is charged to expense over the option vesting period, with the offsetting amount recognized in contributed surplus. For awards with graded vesting, each tranche of an award is considered a separate grant with a different vesting date and fair value. The fair value of each tranche is recognized over its respective vesting period. The fair value of each tranche is estimated at the date of grant using the Black-Scholes option pricing model incorporating assumptions regarding risk-free interest rates, dividend yield, expected volatility of the Company's ordinary shares, and a weighted average expected life of options. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. For each reporting period, the Company reassesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revision in the consolidated statement of operations with a corresponding adjustment to share capital.

Share compensation expense will vary from year to year based on the number and timing of stock option grants, the fair value of the stock options granted and the vesting terms of the stock option grants, among other factors.

Share-based compensation expense for the third quarter of 2015 totalled $13,054 as compared to $24,029 for the similar period in 2014, a decrease of $10,975, or 45.7%. Share-based compensation expense for the first nine months of 2015 totalled $38,413 as compared to $118,967 for the similar period in 2014, a decrease of $80,554, or 67.7%.

Interest Expense

Interest expense includes dividends on the Series C Preferred shares, which accrue at 8% per annum, accretion of the liquidation preferences on the Series C Preferred shares, amortization of the offering costs incurred for the issuance of the Series C Preferred shares, amortization of the discount related to the estimated fair value of the warrants issued as consideration for the April 2015 amendment to the Series C Preferred shares, amortization of Credit Facility costs and interest on the Company's Credit Facility and on its financing lease.

Interest expense for the three and nine months ended September 30, 2015 and 2014 consisted of the following:

	Three Months Ended September 30,	
	2015	2014
Accrued dividends on Series C Preferred	$ 61,470	$ 61,470
Accretion of Series C Preferred liquidation preference	43,012	43,012
Amortization of fair value of Series C Preferred detachable warrants	47,087	47,087
Amortization of offering costs	28,727	28,727
Amortization of discount related to Series C Preferred amendment warrants	21,526	—
Interest expense on Credit Facility and finance lease, net	673	15,336
Amortization of deferred financing fees	—	14,389
Total	$ 202,495	$ 210,021

	Nine Months Ended September 30,	
	2015	2014
Accrued dividends on Series C Preferred	$ 184,410	$ 184,410
Accretion of Series C Preferred liquidation preference	129,036	129,036
Amortization of fair value of Series C Preferred detachable warrants	141,261	141,261
Amortization of offering costs	86,181	86,181
Amortization of discount related to Series C Preferred amendment warrant	37,905	—
Interest expense on Credit Facility and finance lease, net	31,352	50,621
Amortization of deferred financing fees	125,224	48,246
Total	$ 735,369	$ 639,755

The amortization of deferred financing fees in the above table for the nine month periods ended September 30, 2015, includes the write-off of $63,666 of unamortized deferred financing fees as of the date the Credit Facility was repaid and terminated (see Note 5 to the unaudited consolidated interim condensed financial statements).

Gain (Loss) on Warrant Liabilities

Certain of our warrant agreements contain anti-dilution provisions, which if triggered by the issuance by the Company of equity securities below certain levels as defined in the individual warrant agreement, may result in a reduction of the exercise price of the warrants. We have recorded these warrants as warrant liability at fair value in the accompanying unaudited consolidated statements of financial position. The warrant liability is measured at estimated fair value with subsequent changes in fair value recorded as a gain or loss in the unaudited consolidated statements of operations until such time as the warrants are exercised, expire or are permitted to be classified in shareholders' equity.

During the third quarters of 2015 and 2014, we recognized non-cash gains (losses) from the change in the fair value of these warrants of $66,298 and $(79,863), respectively. During the first nine months of 2015 and 2014, we recognized non-cash gains (losses) from the change in the fair value of these warrants of $265,957 and $(39,932), respectively.

These gains (losses) are the result of decreases (increases) in the fair value of these warrants driven primarily by changes in the share price of the Company's Ordinary Shares, a decrease of the remaining terms of the warrants and other factors.

Provision

During the three and nine months ended September 30, 2015, the Company recorded a provision of $160,000 related to a litigation claim. The provision for this claim represents the best estimate of the future outflow that will be required to settle the claim at the end of the reporting period and may vary in the future.

Liquidity and Capital Resources

	As of September 30, 2015	As of December 31, 2014
Current Assets		
Cash and cash equivalents	$ 946,364	$ 886,476
Accounts receivable, net	382,091	168,602
Prepaid expenses	177,227	123,617
	1,505,682	1,178,695
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,023,604	$ 961,726
Deferred revenue	555,272	439,794
Current portion of long-term debt	17,489	100,353
Provision	160,000	–
	1,756,365	1,501,873
Net Working Capital Deficiency	**$ (250,683)**	**$ (323,178)**

As of September 30, 2015, cash and cash equivalents totalled $946,364 compared to $886,476 as of December 31, 2014. Net working capital deficiency at September 30, 2015 was $(250,683) compared to $(323,178) at December 31, 2014, or an improvement of $72,495 in net working capital.

For the nine months ended September 30, 2015 and 2014, net cash provided by operating activities totalled $562,274 and $436,855, respectively. The increase in cash provided by operating activities, when comparing the two periods, was primarily the result of a $401,005 decrease in net loss.

For the nine months ended September 30, 2015 and 2014, net cash used in investing activities totalled $31,480 and $26,221, respectively. Cash flows used in investing activities in both 2015 and 2014 were for capital expenditures. The Company estimates that capital expenditures for the fourth quarter of 2015 will be less than $10,000 and include the purchase of computer hardware and software for personnel additions as well as for capitalized software costs.

Cash flows used in financing activities totalled $470,906 and $143,810 for the nine months ended September 30, 2015 and 2014, respectively, and are as follows:

	Nine Months Ended September 30,	
	2015	**2014**
Repayments on Credit Facility	$ (319,146)	$ (133,425)
Credit Facility fees	(140,000)	–
Repayment of finance lease obligation	(11,760)	(10,385)
Net cash used in financing activities	$ (470,906)	$ (143,810)

On June 19, 2015, the Company repaid all the outstanding principal, a prepayment fee and interest due on its Credit Facility and during the first half of 2015 paid the above listed Credit Facility fees (see Note 5 to the unaudited consolidated interim condensed financial statements).

Commitments

On November 19, 2012, the Company entered into a two-year agreement with a certain data provider, which was effective on January 1, 2013, and requires the Company to pay a monthly fee based on the greater of actual data usage priced at contractual rates or $10,000 per month. In October 2014, this data agreement was amended to extend the expiration date to September 30, 2017, modify certain pricing elements and to adjust the monthly fee to an amount equal to the greater of the actual data usage priced at the contractual rates or $25,000 per month. These amendments were effective October 1, 2014.

The Company entered into a two-year agreement with a data provider which was effective on April 1, 2014, and requires the Company to pay a monthly fee based on the greater of actual data usage priced at contractual rates or $3,000 beginning on May 1, 2014. In October 2014, the Company entered into an additional one year agreement with this data provider which was effective on October 1, 2014, and requires the Company to pay a monthly fee based on the greater of actual data usage priced at contractual rates or $2,000 per month.

In September 2014, the Company entered into an agreement to lease office space in Denver, Colorado to replace the lease for its prior office space, which expired on October 31, 2014. The new office lease was effective on November 1, 2014, has a 39-month term and includes an option to extend the lease for an additional five years. The Company's minimum lease payments for the last three months of 2015 and calendar years 2016, 2017 and 2018 are $23,700, $96,973, $99,342 and $8,295, respectively.

For the three and nine month periods ended September 30, 2015 and 2014, the Company recognized rent expense for leased office space of $17,059, $59,719, $19,685, and $59,756, respectively, which is reflected in operating expense in the statement of operations.

On April 29, 2015, the Company entered into a three-year agreement with a certain data provider, which was effective on May 1, 2015, and requires the Company to pay a monthly fee based on the greater of actual data usage priced at contractual rates or $1,000 per month beginning on August 1, 2015.

Capital Resources

The Company will seek to grow its customer base primarily through the Employee Benefit Channel. The Company continues to make progress in expanding its network of employee benefit brokers who market our services to their employer clients for inclusion in the client's employee benefit plans as primarily a voluntary employee benefit.

As of September 30, 2015, our cash balances totaled $946,364, and we had no borrowing capacity under our Credit Facility, which was repaid in full and terminated on June 19, 2015 (see note 5 to the unaudited consolidated interim condensed financial statements). We are dependent upon our existing cash balances, along with our cash flow generated from operations, and additional debt or equity financing, if available, to fund our debt service, expansion plans and other working capital needs.

Based on our current forecast of revenue growth, the Company anticipates that it will generate positive adjusted EBITDA for the year ending December 31, 2015. The Company generated adjusted EBITDA of $211,150 and $532,579 for the three and nine month periods ended September 30, 2015. Given the Company's existing cash balances and projected increase in adjusted EBITDA, the Company believes it will have sufficient liquidity to fund its operating activities and working capital needs for at least twelve months from September 30, 2015.

The Company's Series C Preferred shares have a maturity date of February 24, 2016. Any Series C Preferred shares outstanding on February 24, 2016 shall be subject to Mandatory Redemption (as defined in Note 6 to the unaudited consolidated interim condensed financial statements) at a price equal to the then Liquidation Preference Amount (as defined in Note 6 to the unaudited consolidated interim condensed financial statements), which the Company shall pay either in cash from available legal surplus or, in the absence thereof, by delivery of a senior note (the "Exchange Note") with an interest rate of 15% per annum and due on November 22, 2017.

In the event the Series C Preferred shares are not converted to Ordinary Shares on or before the Maturity Date (as defined in Note 6 to the unaudited consolidated interim condensed financial statements) and are redeemed by the delivery of the Exchange Note, it may result in a level of debt and/or debt service that is in excess of a level that the Company believes is prudent and therefore, the Company may seek to adjust its capital structure in order to reduce the amount of debt and/or of debt service to a more prudent level. These debt and/or debt service levels will likely be determined based on the amount of projected operating cash flow that would allow the Company to meet its debt service, with a margin of safety, and to provide cash flow to pursue its growth strategy. Efforts to reduce the Company's level of debt through

the issuance of equity securities will likely have a dilutive effect on existing ordinary shareholders.

Outstanding Share Data

We are authorized to issue up to 450,000,000 Ordinary Shares and up to 450,000,000 preferred shares. As of September 30, 2015, we have the following equity securities outstanding:

Ordinary Shares

- 121,834,997 Ordinary Shares outstanding;
- 40,999,486 warrants, each of which is exercisable for one Ordinary Share at prices ranging from $0.10 to $0.25; and
- 13,238,000 stock options, each of which is exercisable for one Ordinary Share at prices ranging from $0.06 to $0.27 per share.

The warrants outstanding are denominated in U.S. dollars and contain cashless exercise provisions, which, upon certain conditions, permit the holder to exercise their warrants on a net cash exercise basis and receive Ordinary Shares without payment of any cash consideration. It is unlikely that we will receive any significant cash proceeds from the exercise of these warrants if they are exercised due to the aforementioned cashless exercise provisions.

Certain of the warrant agreements contain anti-dilution provisions that require a reduction in the exercise price of the warrant in the event the Company issues or sells its Ordinary Shares for an effective price that is less than the then existing exercise price of the warrant. The sale of the Series C Preferred shares and a units offering in 2011 triggered these anti-dilution provisions in certain of our warrant agreements.

Series C Preferred Stock

On February 24, 2011, the Company issued 3,123.481 shares of its Series C Preferred shares. In June 2012, 50 shares of the Series C Preferred were converted to Ordinary Shares. As of September 30, 2015, the Company had outstanding 3,073.481 shares of its Series C Preferred shares. The holders of the Series C Preferred shares have the right to convert each share of their Series C Preferred into 10,000 Ordinary Shares of the Company, or 30,734,810 Ordinary Shares. The Company has reserved 30,734,810 of its Ordinary Shares to effect the conversion of Series C Preferred. The Series C Preferred shares are considered to be mandatory redeemable shares and is classified as a liability on the Company's consolidated statement of financial position as of September 30, 2015 and December 31, 2014.

The Series C Preferred shares have voting rights and powers equal to the voting rights of Ordinary Shares on an "as if" converted to Ordinary Shares basis.

In the event the Company issues or sells its Ordinary Shares for an effective price (the "New Issuance Price") that is less than the then existing conversion price of the Series C Preferred shares in effect immediately prior to such issue or sale, then immediately after such issuance

the conversion price then in effect shall be reduced to the New Issuance Price, but not less than $0.15 per Ordinary Share.

Off-balance Sheet Arrangements

Other than the office lease commitment described in Note 8 of the Company's September 30, 2015 unaudited consolidated interim condensed financial statements and under the "Commitments" section above, the Company did not have any off-balance sheet arrangements as of September 30, 2015 or December 31, 2014.

Transactions with Related Parties

None.

Provision

Effective November 21, 2014, the Company terminated a sales affiliate relationship in its Tech Support Channel (the "Sales Affiliate"). In early 2015, the Company received an informal claim for unpaid compensation due the Sales Affiliate for customer renewals occurring subsequent to the date of termination.

On October 12, 2015, the Company was served with a civil action summons by the Sales Affiliate claiming approximately $600,000 plus future claims for unpaid fees and customer renewals. All Sales Affiliate claims are based on renewals subsequent to termination.

The Company and its legal advisors believe these claims are without merit and intends to vigorously defend itself against these claims.

The Company has recorded a $160,000 provision as of September 30, 2015, as its best estimate of the cost to defend and resolve these claims. The Company believes any outflow of funds required to resolve this matter will likely occur within 12 months from September 30, 2015.

Significant Accounting Judgement and Estimates

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

Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

(1) Judgments

The key judgments made in applying accounting policies that have the most significant effect on the amount recognized in these unaudited consolidated interim condensed financial statements are as follows:

(i) Provisions and contingencies

From time to time, the Company is involved in claims in the normal course of business. Management assesses such claims and where considered probable to result in a material exposure and where the amount of the claim can be reasonably estimated, provisions for loss are made based on management's assessment of the likely outcome.

Significant judgments are required in determining whether various provisions and contingencies require disclosure in the unaudited consolidated interim condensed financial statements and also in estimating the amounts of the provisions and contingencies.

(2) Use of Estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to these unaudited consolidated interim condensed financial statements are as follows:

(i) Compound instruments

The Company estimated the fair value of the liability component of the Series C Preferred, including the related warrants, by discounting the redemption amount at a market rate for a similar liability that does not have an associated equity component. Warrants were issued with the Series C Preferred and their fair value was estimated using the Black Scholes options pricing model. Further, as the Series C Preferred is convertible, a portion of the proceeds were allocated to the conversion feature embedded in the Series C Preferred. Also, see Note 6 (a) of the unaudited consolidated interim condensed financial statements.

(ii) Warrants and options

The Company uses the Black-Scholes option pricing model to value its warrants and stock options. The Black-Scholes model requires the use of a number of assumptions,

including expected share price volatility, risk-free interest rates, expected term and in the case of options, a forfeiture rate.

The estimated expected share price volatility is based on the Company's historical share price volatility. The risk-free interest rate is based on the U.S. Treasury bill rate for the expected term of the related warrants and stock options. The expected term of stock options represents the period of time that the stock options granted are expected to be outstanding. As the Company does not pay dividends, the dividend rate variable in the Black-Scholes model is zero. In addition to the Black-Scholes model assumptions used in valuing stock options, the Company also estimates a forfeiture rate. The estimated forfeiture rate is based upon a combination of industry data and the Company's historical experience.

(iii) Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at the estimated recoverable amount which requires management to estimate uncollectable accounts. Management analyses changes in customer payment history as well as other factors when making a judgment to evaluate the adequacy of the allowance for doubtful accounts receivable. When the expectation is different from the original estimate, such difference will impact the carrying value of accounts receivable.

(iv) Property and equipment

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The estimates are reviewed at least annually and are updated if expectations changes as a result of physical wear and tear, technical or commercial obsolescence, and legal or other limits to use. The amounts and timing of recorded expenses for depreciation or amortization of property and equipment for any period would be affected by changes in these factors and circumstances. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

(v) Customer agreements

In 2013, the Company acquired certain customer agreements from a third-party identity theft protection company.

The customer agreements are being amortized over five years, which is their estimated remaining life, including renewals, and was based on management's experience with other similar customer agreements. The estimates are reviewed at least annually and are updated if expectations changes as a result of changes in renewal percentages and other factors. The amounts and timing of recorded expenses for amortization of customer agreements for any period would be affected by changes in these factors and circumstances.

The valuations associated with measuring the recoverability of customer agreements for impairment analysis purposes involve significant estimates and assumptions,

including those with respect to future cash inflows and outflows, discount rates, terminal growth rates and asset lives. These significant estimates could affect the Company's future results if the current estimates of future performance and fair values change.

(vi) Provisions

The assumptions associated with calculating the expected value of provisions involve significant estimates and assumptions, including those with respect to potential outcomes, probability of such outcomes and estimate of the related future resource outflows. These significant estimates could affect the Company's future results if the current estimates change.

Future Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company.

IFRS 9 Financial Instruments

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets and liabilities. IFRS 9 uses a single approach to determine whether a financial instrument is measured at fair value through profit or loss, fair value through other comprehensive in come or amortized cost, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of those financial instruments. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The IASB has established a tentative adoption date of January 1, 2018 for this IFRS. The Company will be required to adopt IFRS 9 in the future and has not fully assessed the impact of adopting IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principle based five-step model to be applied to all contracts with customers, except insurance contracts, financial instruments and lease contracts, which fall under the scope of other IFRSs. It specifies how and when to recognize revenue as well as requiring entities to provide more information and relevant disclosure. IFRS 15 is to be applied on either a full or modified retrospective approach and is effective for annual period beginning on or after January 1, 2018, with earlier application permitted. The Company has not fully assessed the impact of adopting IFRS 15.

Financial Instruments and Other Instruments

On February 24, 2011, the Company issued 3,123.481 shares of its Series C Preferred and five-year warrants to purchase 15,617,405 of its Ordinary Shares at an exercise price of $0.12 per share and received gross proceeds of $3,123,481. In addition, the Company issued to the underwriters of this offering five-year warrants to purchase 4,348,481 of its Ordinary Shares at

an exercise price of $0.12 per share. The Series C Preferred is considered to be mandatory redeemable shares and is classified as a liability on the Company's statement of financial position.

In accordance with IAS 32, the Company estimated the fair value of the liability component of the Series C Preferred Stock to be $2,978,009, including the related warrants, by discounting the redemption amount at a market rate for a similar liability that does not have an associated equity component. The warrants were issued with the Series C Preferred and their fair value, using the Black Scholes options pricing model, is estimated to be $814,105, resulting in a fair value of $2,165,904 for the liability portion of the Series C Preferred stock. Further, as the Series C Preferred is convertible, a portion of the proceeds were allocated to the conversion feature embedded in the Series C Preferred. The residual amount reflecting the conversion feature of $145,472 was recorded as the equity component. The Series C Preferred and the related warrants are classified as a liability, and the discount will be amortized over the period from issuance to February 24, 2016 (the redemption date) as a charge to interest expense.

Forward-looking Information and Statements

Certain statements contained in this report constitute forward looking information within the meaning of securities laws. Implicit in this information, particularly in respect of the Company's future operating results, economic performance and the ultimate outcome of contingencies are assumptions regarding projected revenues and expenses. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that the Company's actual future operating results and economic performance are subject to a number of risks and uncertainties, including general economic, market and business conditions, and could differ materially from what is currently expected. Forward-looking information contained in this report is based on management's current estimates, expectations and projections, which management believes are reasonable as of the current date. The reader should not place undue reliance on forward-looking statements and should not rely upon this information as of any other date. In addition to presenting an analysis of results for the three and nine month periods ended September 30, 2015 and 2014, this report also discusses certain important events that occurred between the end of the period and November 11, 2015.

Forward-looking information included or incorporated by reference in this document includes statements with respect to the Company's:

- Efforts and plans to expand its Employee Benefit Channel and ultimately our customer base by significantly expanding the number of Benefit Broker relationships and the depth and breadth of our relationships within these Benefit Brokers Efforts -- See Marketing of Services;
- Belief that it will likely generate positive earnings, before net interest expense, income taxes, depreciation and amortization, share-based compensation and gain (loss) on warrant liability for the year ending December 31, 2015--See Capital Resources;
- Belief that it will have sufficient liquidity to fund its operating activities and working capital needs for at least twelve months from September 30, 2015—See Capital Resources.

- Estimation that revenue from its Tech Support Channel will decline significantly for the foreseeable future–See Results of Operations.
- Management's estimate of the outflow of resources and the belief that it is probable that an outflow or resources will be required in order to resolve a certain claim made against it by its Sales Affiliate—See Provision.

Business Risks

In the normal course of business, the Company's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. The activities of the Company are subject to ongoing operational risks including the performance of key data and service suppliers, product acceptance, competition, ability to retain customers and government and other industry regulations, all of which may affect the ability of the Company to meet its obligations.

The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected.

Risk management is supervised by the Chief Executive Officer and the Chief Financial Officer under guidance from the Board of Directors. The Chief Executive Officer and the Chief Financial Officer department identifies and evaluates financial risks in cooperation with other management personnel. The finance department is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Ability to Retain Distribution Partners, Employers and Customers

We have derived a significant portion of our revenue from customers who subscribe to our consumer services through one of our distribution partners, including Benefit Brokers, benefit platforms, employers and tech support partners. Many of our key distribution relationship are governed by agreements that may be terminated without cause and without penalty and upon a short notice period. In order for us to grow our revenue, we must maintain and expand our relationships with these partners. The loss of certain of these distribution partners may have a material adverse effect on our business, financial condition, and results of operation (see Notes 9 and 13 to the unaudited consolidated interim condensed financial statements).

Data Suppliers

Our services depend extensively upon continued access to and receipt of data from external sources. Our data providers could stop providing data, provide untimely data, or increase the costs for their data for a variety of reasons, including for competitive reasons. This would adversely affect our business, operating results, and financial condition.

Further, we may not be successful in maintaining our relationships with these data providers and may not be able to continue to obtain data from them on acceptable terms or at all. Furthermore, we cannot provide assurance that we will be able to obtain data from alternative or additional sources if our current sources become unavailable.

Ability to Manage Future Growth

Future growth, if any, may cause a significant strain on the Company's management and its operational, financial, human and other resources. The Company's ability to manage growth effectively will require it to implement and improve operational, financial, and management information systems and to hire, train, manage employees. These demands may require the addition of management and other personnel and the development of additional expertise. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth, if any.

Competition

We operate in a highly competitive business environment and most of our competitors have substantially greater financial, technical, marketing, distribution and other resources than we possess, which affords them competitive advantages. In addition, some of our competitors may have access to data that we do not have or cannot obtain without difficulty, or at all. Any of these factors could reduce our growth, revenue, access to valuable data, or market share.

Security of Confidential Information

Our services require us to collect, store, use, and transmit significant amounts of confidential information including personally identifiable information, credit card information, and other critical data. We employ a range of information technology solutions, controls, procedures, and processes designed to protect the confidentiality, integrity, and availability of our critical assets, including our data and information technology systems. While we engage in a number of measures aimed to protect against security breaches and to minimize problems if a data breach were to occur, our information technology systems and infrastructure may be vulnerable to damage, compromise, disruption, and shutdown due to attacks or breaches by hackers or due to other circumstances, such as employee error or malfeasance or technology malfunction. The occurrence of any of these events, as well as a failure to promptly remedy these events should they occur, could compromise our systems, and the information stored in our systems could be accessed, publicly disclosed, lost, stolen, or damaged. Any such circumstance could adversely affect our ability to attract and maintain customers as well as strategic partners, cause us to suffer negative publicity, and subject us to legal claims and liabilities or regulatory penalties.

Government Regulation

Our business and the information we use in our business is subject to a wide variety of federal, state, and local laws and regulations, including the FCRA, the Gramm-Leach-Bliley Act, the FTC Act and comparable state laws that are patterned after the FTC Act, and similar laws. We incur significant costs to operate our business and monitor our compliance with these laws and regulations. Any changes to the existing applicable laws or regulations, or any determination that other laws or regulations are applicable to us, could increase our costs or impede our ability to provide our services to our customers, which could have a material adverse effect on our business, operating results, financial condition, and prospects. In addition, any of these laws or regulations is subject to revision, and we cannot predict the impact of such changes on our business. Further, any determination that we have violated any of these laws and regulations may result in liability for fines, damages, or other penalties, which could have a material adverse effect on our business, operating results, financial condition, and prospects.

We also are subject to federal and state laws regarding privacy and the protection of data. Any failure by us to adequately protect our customers' privacy and data could result in a loss of customer confidence in our services and ultimately in a loss of customers, which could adversely affect our business.

Credit, Liquidity and Market Risks

The Company is exposed to credit, liquidity and market risks in the normal course of the Company's operations. These risks are mitigated by the Company's financial management policies and practices described below.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable from customers.

(i) Trade and other receivables

The Company is exposed to credit risk from its customers. Because of the nature of the services provided by the Company and the rare occurrence of uncollectible accounts, the Company typically does not perform credit checks on its customers in advance of providing service to the customers and, therefore, does not have specific knowledge regarding the credit quality of its customers. However, the Company provides its services to a significant number of customers, which minimizes concentration of credit risk. Additionally, the Company reviews its account receivable aging report on a monthly basis and follows up on any accounts that are past due.

As of September 30, 2015 and December 31, 2014, accounts receivable that are considered past due (over 30 days past due from the date of the invoice) totalled $34,381 and $28,317, respectively, none of which the Company considered to be uncollectible. The gross accounts receivable at September 30, 2015 and December 31, 2014, was $385,187 and $170,165, respectively. For the nine months ended September 30, 2015 and 2014, the Company recorded bad debt expense of $1,533 and $420, respectively.

(ii) Cash and cash equivalents

The Company limits its exposure to credit risk by making deposits with and investing only in liquid securities with established financial institutions. Management does not expect any counterparty to fail to meet its obligations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows, taking into account projected sales, receipts, expenditures and by managing the maturity profile of its financial liabilities. The Company currently finances its operations through internally generated cash flows and available cash balances. The table below is a summary of the Company's debt maturities as of September 30, 2015:

	Debt Maturity			
	October 1, 2015 to December 31, 2015	2016	2017 (1)	Total
Finance lease……………………….	$ 4,171	$ 14,876	$ —	$ 19,047
Series C Preferred (1)…..…………	—	—	5,164,257	5,164,257
Total………………………………	$ 4,171	$ 14,876	$ 5,164,257	$ 5,183,304

(1) See Note 6 to the unaudited consolidated interim condensed financial statements regarding the maturity, conversion and redemption features of the Series C Preferred.

The Company's Series C Preferred shares have a maturity date of February 24, 2016. Any Series C Preferred shares outstanding on February 24, 2016 shall be subject to Mandatory Redemption (as defined in Note 6 to the unaudited consolidated interim condensed financial statements) at a price equal to the then Liquidation Preference Amount (as defined in Note 6), which the Company shall pay either in cash from available legal surplus or, in the absence thereof, by delivery of a senior note (the "Exchange Note") with an interest rate of 15% per annum and due on November 22, 2017 (see Note 6 of the unaudited consolidated interim condensed financial statements).

In the event the Series C Preferred shares are not converted to Ordinary Shares on or before the Maturity Date (as defined in Note 6 to the unaudited consolidated interim condensed financial statements) and are redeemed by the delivery of the Exchange Note, it may result in a level of debt and/or debt service that is in excess of a level that the Company believes is prudent and therefore, the Company may seek to adjust its capital structure in order to reduce the amount of debt and/or of debt service to a more prudent level. These debt and/or debt service levels will likely be determined based on the amount of projected operating cash flow that would allow the Company to meet its debt service, with a margin of safety, and to provide cash flow to pursue its growth strategy. Efforts to

reduce the Company's level of debt may include the issuance of equity securities which could have a dilutive effect on existing ordinary shareholders.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, affect the Company's income (loss) or the value of its assets.

(i*) Interest rate risk*

The Company is currently not exposed to interest rate risk as all of its debt has fixed interest rates.

(*ii) Foreign currency risk*

The Company is currently not exposed to foreign currency risk as substantially all of its transactions are denominated in U.S. dollars.

This MD&A was authorized for issue by the Audit Committee of the Board of Directors on November 11, 2015.