
Annually Updated Listing Statement of

UPSNAP, INC.

April 30, 2019

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2. CORPORATE STRUCTURE

2.1 NAME AND INCORPORATION

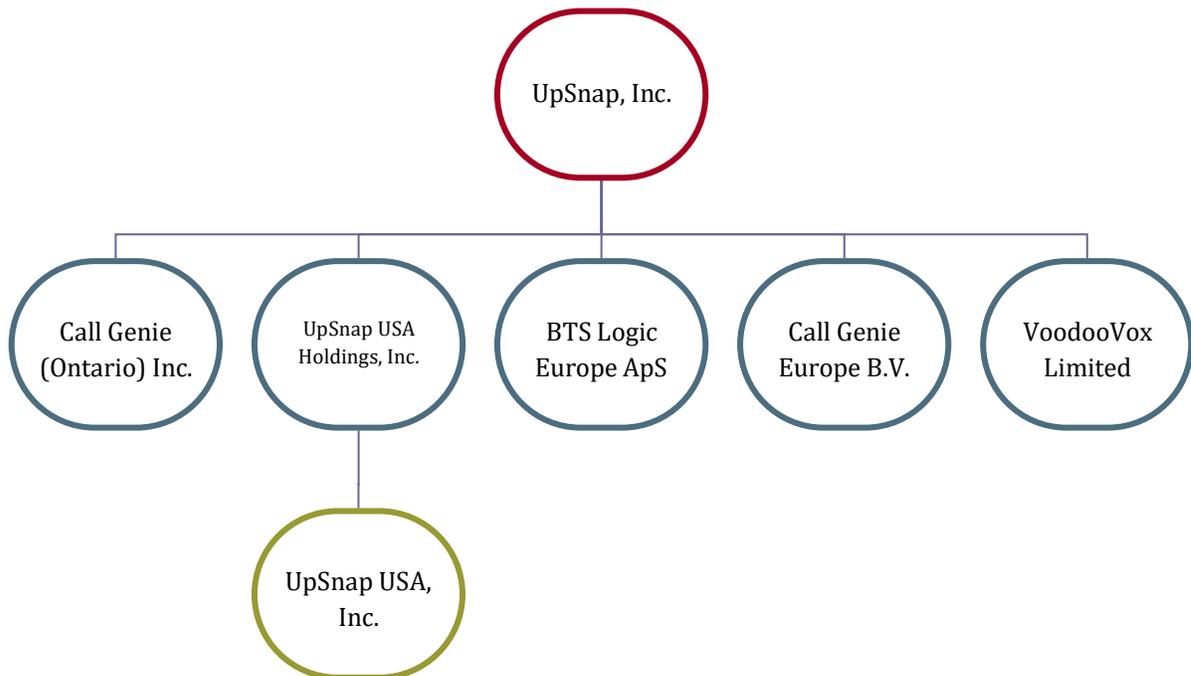
UpSnap, Inc. (formerly VoodooVox Inc., formerly Call Genie Inc.) (the “Company” or “UpSnap”) is domiciled in Canada. The head office is located at 100 Consilium Place, Suite 200, Toronto, Ontario, Canada.

2.2 LEGAL STATUS

UpSnap was incorporated under the laws of Canada on October 17, 2000, and was continued into Alberta on February 5, 2003.

2.3 SUBSIDIARIES

UpSnap has five subsidiaries: (i) Call Genie (Ontario) Inc., (ii) UpSnap USA Holdings, Inc., (iii) Call Genie Europe B.V., (iv) VoodooVox Limited; and (v) BTS Logic Europe ApS (see diagram below).



Call Genie (Ontario) Inc. was incorporated under the *Business Corporations Act* (Ontario) on September 11, 2003. All of the issued and outstanding shares of Call Genie (Ontario) Inc. are legally and beneficially owned by UpSnap.

On January 17, 2012, Call Genie USA, Inc. changed its name to VoodooVox USA Holdings, Inc., and on July 11, 2014, VoodooVox USA Holdings, Inc. changed its name to UpSnap USA Holdings, Inc. (“UpSnap USA Holdings”). UpSnap USA Holdings was incorporated under the laws of the State of Delaware, USA on October 7, 2003, and all of the issued and outstanding shares of UpSnap USA Holdings are legally and beneficially owned by UpSnap.

BTS Logic ApS ("BTS") was incorporated under the laws of Denmark on October 13, 1997. All of the issued and outstanding shares of BTS are legally and beneficially owned by UpSnap.

Call Genie Europe B.V. was incorporated under the laws of the Netherlands on July 6, 2007. All of the issued and outstanding shares of Call Genie Europe B.V. are legally and beneficially owned by UpSnap.

Pursuant to a merger transaction that closed on January 2, 2008, PhoneSpots, Inc. ("PhoneSpots") (a Delaware Company incorporated on May 25, 1999, as StreetSmart, Inc., which later changed its name to PocketThis, Inc. and then to PhoneSpots, Inc.) became a wholly owned subsidiary of UpSnap USA Holdings. On January 17, 2012, PhoneSpots changed its name to VoodooVox USA, Inc., and on July 11, 2014, VoodooVox USA, Inc. changed its name to UpSnap USA, Inc. ("UpSnap USA").

PhoneSpots Limited was, at the time of the January 2008 merger transaction, a wholly owned subsidiary of PhoneSpots, Inc. PhoneSpots Limited was incorporated under the laws of the United Kingdom and has been in operation since 2000. Following the January 2008 merger transaction, all of the issued and outstanding shares of PhoneSpots Limited became, and continue to be, legally and beneficially owned by UpSnap. On January 31, 2012, PhoneSpots Limited changed its name to VoodooVox Limited.

2.4 TRANSACTION STRUCTURE

The Issuer is not re-qualifying.

2.5 NON-CORPORATE ISSUERS AND ISSUERS INCORPORATED OUTSIDE OF CANADA

The Issuer is a corporate issuer incorporated in Canada.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 HISTORY AND BACKGROUND

GENERAL

UpSnap provides highly-targeted, data-driven mobile advertising products to both large brands and small businesses. UpSnap offers its mobile advertising services to national brands on a campaign basis. UpSnap generally offers its mobile advertising services to small businesses on a subscription basis.

UpSnap's advertising solutions for small businesses are unique, with products including video ads, social media ads and digitally retargeted direct mail ads that have traditionally only been affordable to large businesses. Small businesses typically pay a monthly fee in return for a fixed number of mobile display ads. The ads typically target a local area and are associated with a strong call to action such as "tap to call", "tap for directions", "tap for appointment", "tap for coupon", or "tap for website". UpSnap generally sells these subscriptions through a reseller network.

THREE YEAR HISTORY

2016

In 2016 UpSnap expanded its mobile advertising business with revenues growing to \$4.4 million compared to \$4.2 million in 2015. Recurring subscription revenue grew 13% to \$1.7 million or 34% of the Company's total revenue. UpSnap continued to add innovative services for the small business market including access to mobile advertising on Facebook and other social media networks that have traditionally been unaffordable for small businesses.

In addition to growing the subscription business, UpSnap management continued its focus on achieving profitability. The Company continued to aggressively reduce total operating costs despite an increase in network and publisher costs required to support higher mobile advertising revenue. Decreases in labour costs and other operating costs resulted in total operating costs of \$6.0 million in 2016 compared to \$6.3 million in 2015.

2017

In 2017 UpSnap achieved its first profitable quarter in the second quarter and achieved positive cash flow from operations in the fourth quarter. UpSnap achieved profitability by focusing its selling efforts on high margin advertising contracts and continuing to aggressively reduce operating costs. To increase advertising margins, UpSnap cut unprofitable contracts resulting in a decrease in mobile advertising revenue from \$4.4 million in 2016 to \$3.5 million in 2017. The focus on cutting costs resulted in a decrease in operating costs from \$6.0 million in 2016 to \$4.2 million in 2017, more than compensating for the decreased revenue.

Despite reducing costs UpSnap continued to invest in developing new products. In January 2018, UpSnap introduced a direct mail product called Intentional Direct Mail ("IDM"). With IDM tracking pixels, UpSnap can retarget those consumers who visit an advertiser's website with a customized direct mail postcard

sent to the consumer's address within 24 hours of the visit, thereby increasing the advertiser's engagement with its customers.

Financing Activities

On March 29, 2017, the Company settled a debenture held by UFM plus accrued interest totaling \$0.1 million by issuing 7,137,500 common shares at a price of \$0.02 per share.

On June 14, 2017, the Company settled a portion of its payable balance owed to UFM totaling \$0.5 million by issuing 22,750,000 common shares at a price of \$0.02 per share.

On June 20, 2017, the Company issued a debenture to UFM for gross proceeds of \$0.2 million. The debenture bears interest at a rate of 13.5% per annum and matures on June 20, 2018.

2018

In January 2018, UpSnap introduced a unique direct mail platform called Intentional Direct Mail ("IDM") and in February 2018, UpSnap launched a self service website for the IDM platform. With IDM tracking pixels, UpSnap can retarget those consumers who visit an advertiser's website with a customized direct mail postcard sent to the consumer's address within 24 hours of the visit, thereby increasing the advertiser's engagement with its customers. Revenue from the IDM service totalled \$534k for the year ended December 31, 2018. Although the growth in the IDM service is robust, UpSnap's shift away from low margin services like pay per call advertising and a focus on launching the new IDM product resulted in lower revenue from the company's existing products as well as increased marketing and development costs. Revenue for the year ended December 31, 2018 totalled \$2.7 million compared to \$4.1 million in 2017. Operating costs for the year ended December 31, 2018 totalled \$3.4 million compared to \$4.2 million in 2017.

Financing Activities

On February 7, 2018, the Company made an interest payment on an outstanding debenture through the issuance of 690,000 common shares at a price of \$0.01 per share.

On May 5, 2018, the Company made an interest payment on an outstanding debenture through the issuance of 450,000 common shares at a price of \$0.015 per share.

On July 23, 2018, the Company made an interest payment on an outstanding debenture through the issuance of 455,000 common shares at a price of \$0.015 per share.

On October 2, 2018, UpSnap and UFM agreed to settle an existing \$0.2 million debenture, accrued interest and outstanding trade amounts totalling \$0.6 million by issuing a new \$0.8 million debenture. The new debenture bears interest at a rate of 13.5% per annum and matures on September 30, 2020.

3.2 SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

There are no significant acquisition or disposition, completed or proposed, for which financial statements would be required under National Instrument 41-101 General Prospectus Requirements if this Listing Statement were a prospectus.

3.3 INDUSTRY TRENDS, COMMITMENT OR EVENTS

INDUSTRY TRENDS AND COMPETITIVE CONDITIONS

Management of UpSnap believes that the Company is positioned at the intersection of two fast growing trends in the technology industry, being the widespread adoption of smartphones and mobile app development. Mobile advertising has become a focus for merchants looking to maximize the effectiveness of their on-line advertising dollars.

Adoption of Smartphones

Driven by intuitive user interfaces, increased functionality, faster processing speeds, and advanced display technologies with touch capabilities, it has become possible to deliver rich innovative consumer media experiences on a wide variety of mobile connected devices or smartphones. The growth of worldwide 3G network penetration, advanced next-generation 4G networks and prevalence of Wi-Fi access have facilitated the delivery of content on mobile connected devices.

Mobile usage has altered how content is consumed. Consumers are increasingly using their mobile devices instead of personal computers or other traditional media to consume content. Mobile devices have become increasingly important to daily life as users rely on mobile connectivity to read newspapers, magazines, blogs, watch movies, play games, check sports scores, monitor weather forecasts, conduct banking transactions and obtain maps and directions.

Access to faster wireless networks

With the growth in the adoption of mobile connected devices, consumers increasingly expect to have a high-quality online experience everywhere. High-speed mobile networks are steadily expanding their footprint. UpSnap also believes the rise of next-generation networks such as 4G and the prevalence of Wi-Fi will further accelerate consumption of content on mobile devices. The combination of widespread network access and faster network technologies is enabling the proliferation of rich media content, presenting new opportunities in the mobile ecosystem.

App Development

Mobile apps have been created by developers as an easy, intuitive and interactive way to instantly deliver content on mobile devices. Developers are pursuing a variety of approaches to monetize their apps. One of the key opportunities is to place advertisements within apps.

Increased Competition from On-line Advertisers

The mobile advertising market is highly competitive and unpredictable because of the fragmented nature of the industry and its early stage of development. Despite the prospects for significant growth in the area of digital directional media, the competition for advertising dollars is expected to be significant among directory services companies and online search companies such as Google, Apple, Yahoo and Microsoft.

Increase in Mobile Advertising

As advertisers seek to maximize the effectiveness of their ad campaigns, the attractiveness of traditional advertising such as newspapers, radio, and television is declining relative to digital advertising. The increasing influence of demographic groups such as the "Net Generation" is one of the drivers behind a

major shift in advertising models away from mass-market, interrupt driven vehicles and toward more targeted, search driven vehicles.

MARKET

Based on the benefits of mobile advertising as compared to traditional offline advertising and PC-based advertising, UpSnap believes that advertisers will continue to shift their advertising budgets to mobile. The proliferation of smartphones, mobile apps downloads, and general reliance on mobile connectivity provides a high growth market for mobile advertising. In May 2018, PWC released its survey of Interactive Advertising Bureau members for 2017. The report estimates U.S. mobile revenues climbed to \$49.9 billion, up 36% from the prior year. Mobile now represents 57% of the revenues generated by the entire internet advertising marketplace. Management believes that the Company is well positioned to capitalize on opportunities in these markets and views the Company's established presence in such markets as a competitive advantage.

Readers are cautioned that UpSnap has not independently verified the accuracy of the information provided by PWC or IAB, nor is UpSnap certain of whether that information is empirically verifiable.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 GENERAL

BUSINESS STRATEGY OF THE COMPANY

UpSnap provides highly-targeted, data-driven mobile advertising to attract the ideal audience for brands big and small. Combining first-party proprietary data and real-time analytics, UpSnap goes beyond location to deliver site agnostic and results-driven campaigns that produce qualified, engaged customers. UpSnap tailors each campaign to align with unique business goals, delivering the right customers for more meaningful exposure and better business results.

UpSnap focuses on offering its mobile advertising services to small businesses on a subscription basis. Advertisers pay a monthly fee in return for a fixed number of mobile display ads. The adds typically target a local area and are associated with a strong call to action such as “tap to call”, “tap for directions”, “tap for appointment”, “tap for coupon”, or “tap for website”. UpSnap generally sells these subscriptions through a reseller network.

In addition to its mobile advertising services, UpSnap provides software and services that allow customers to perform voice and data searches on proprietary business directories. UpSnap expects that these legacy products will continue to generate software license and maintenance fees, hosting fees and consulting fees.

UpSnap's products and services are available internationally in 8 countries in North America, Europe and other parts of the world. The principal countries in which UpSnap operates, directly and indirectly, are the United States, Canada and Denmark.

The following sections set out summary information concerning key elements of UpSnap's business strategy.

Software as a Service (“SaaS”)

The Company provides its mobile advertising software as a hosted solution rather than through a licensing model. The Company’s SaaS platform provides it with direct control over the selection and placement or insertion of advertisements. The Company manages traffic flow and determines the publisher sources to be used on a real-time basis in an effort to maximize yield.

Expanded Product Offering

In January 2018, UpSnap introduced a direct mail product called Intentional Direct Mail (“IDM”). With IDM tracking pixels, UpSnap can retarget those consumers who visit an advertiser’s website with a customized direct mail postcard sent to the consumer’s address within 24 hours of the visit, thereby increasing the advertiser’s engagement with its customers.

International Opportunities

UpSnap continues to pursue international opportunities by leveraging its global customer base and contacts. The breakdown of revenues for 2018 was as follows: 83% from US contracts and 17% from Europe and Rest of World.

Revenues by Product Type

The following table sets out additional information concerning revenue by product line for the years indicated.

In thousands	2016	2017	2018	% of total 2018
Mobile Advertising	4,356	3,524	2,233	83%
Software Licensing and Maintenance	706	558	447	17%
Total	5,062	4,082	2,680	100%

BUSINESS MODEL

UpSnap's current business model is based on establishing long-term relationships with advertisers either directly or indirectly through advertising agencies and other media companies. UpSnap enters into arrangements with advertisers, which typically include the signing of an insertion order. Each insertion order, which generally remains in effect for a limited time period and involves a limited budget, outlines the performance criteria under which UpSnap earns a fee. The fees can be classified into two broad categories: CPM fees and CPA fees. Cost Per Thousand, or "CPM" fees, are earned based on simple insertion or display of the ad into any advertising inventory slot. No action is required by the consumer in order to earn this type of fee. Cost Per Action, or "CPA" fees, are earned when a consumer who hears or sees the ad takes a specific action. Performance criteria for CPA fees can include, but are not limited to, initiating a click-to-call phone call to a direct response call center, selecting an alternative merchant from a disconnected telephone number or providing additional merchant information.

UpSnap’s new Intentional Direct Mail (“IDM”) service allows advertisers such as small businesses and brands to amplify their digital marketing by sending customized direct mail postcards to potential customers that engage with the advertiser’s website or mobile ads.

In order to earn CPM or CPA fees, UpSnap must source publishers who have places to insert advertisements ("Ad Traffic" or "inventory"). The arrangements to purchase Ad Traffic can be either on a fixed fee or revenue share basis. Fixed fees have a higher risk/return profile as the amount paid to the publisher is fixed and UpSnap's revenues vary based on the effectiveness of the ad campaigns. Alternatively, the publisher arrangements can be revenue share based where the publisher earns a percentage of the CPM or CPA fees earned by UpSnap. This has lower risk to UpSnap, but costs are potentially higher than a fixed fee.

SELLING AND MARKETING PLANS AND STRATEGY

UpSnap markets and sells highly-targeted, data-driven mobile advertising to attract the ideal audience for brands big and small. Primarily, UpSnap employs direct sales personnel in the United States and Canada. The direct sales force is organized into individual account teams that include a sales executive as well as personnel from the Company's operations. At December 31, 2017, the Company had 2 staff dedicated to the sales and marketing of its products and services.

In addition, the Company relies upon various arrangements with industry participants to resell its products and solutions. To advertising aggregators, UpSnap provides a range of tools and multi-modal advertising solutions designed to enable them to target and reach ready to transact consumers using mobile devices and the mobile web. To service providers who support or have access to mobile consumers, UpSnap provides solutions that enable such providers to offer users mobile local search or opt-in ("know me"), which, in turn, enables consumers to access relevant local merchants/content.

UpSnap's products and services are available internationally in 8 countries in North America, Europe and other parts of the world. The principal countries in which UpSnap operates, directly and indirectly, are the United States, Canada and Denmark.

UpSnap generates sales leads through existing business relationships, marketing partners, industry conferences, targeted advertisements and its public relations efforts. UpSnap qualifies all leads and opportunities through an internal bid qualification process and assigns account teams to each potential opportunity. The account team then initiates the sales process, which generally involves multiple meetings and presentations focused on UpSnap's technologies, products and services, as well as the development of an appropriate business case.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 ANNUAL INFORMATION

The following table sets out selected financial and share information of the Company as at December 31, 2018, 2017, and 2016 and for the years then ended:

KEY FINANCIAL METRICS in 000's (except share amounts)	2018	2017	2016
Revenue			
- Mobile advertising	2,233	3,524	4,356
- Software licensing and support	447	558	706
Total revenue	2,680	4,082	5,062
Operating costs	3,366	4,227	6,002
Operating loss	(686)	(145)	(940)
Net loss	(675)	(167)	(964)
Total assets	885	1,024	976
Total long term liabilities	738	-	-
Loss per share – basic and fully diluted	(0.00)	(0.00)	(0.00)
Common Shares outstanding			
- Basic	267,640,941	266,045,941	235,642,191

5.2 QUARTERLY INFORMATION

The following table sets out selected financial information of the Company for the quarters indicated.

Unaudited (000's, except per share amounts)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Revenue								
Mobile advertising	875	1,091	924	634	507	632	620	474
Software licensing and support	125	118	164	151	122	149	70	106
	1,000	1,209	1,088	785	629	781	690	580
Expenses								
Publisher and data costs	550	567	498	266	233	303	320	238
Labour costs	347	343	306	241	223	226	261	170
Other operating costs and foreign exchange	232	227	228	412	296	395	409	284
Amortization	3	2	3	2	4	5	11	(12)
	1,132	1,139	1,035	921	756	929	1,001	680
Operating Loss	(132)	70	53	(136)	(127)	(148)	(311)	(100)
Gain on extinguishment of debt	-	-	-	-	-	-	-	71
Interest and accretion	(5)	-	(9)	(8)	(8)	(9)	(7)	(36)
Net loss for the period	(137)	70	44	(144)	(135)	(157)	(318)	(65)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

5.3 DIVIDENDS

As of the date hereof, the Company has not paid any dividends or made any distributions on its Common Shares. The future payment of dividends or distributions will be dependent upon the financial requirements of the Company to fund ongoing operations and future growth, the financial condition of the Company and other factors that the Board of Directors may consider appropriate in the circumstances. UpSnap is subject to certain restrictions on the declaration and payment of dividends set out in the *Business Corporations Act* (Alberta). In particular, the *Business Corporations Act* (Alberta) provides that a Company shall not declare or pay a dividend if there are reasonable grounds for believing that: (a) the Company is, or would after the payment of the dividend be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and the stated capital of all classes of its shares.

5.4 FOREIGN GAAP

The Issuer has prepared its financial statements in accordance with Canadian GAAP.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis for the preceding financial years have been filed and can be found on "SEDAR" at www.sedar.com.

7. MARKET FOR SECURITIES

7.1 TRADING INFORMATION

Until January 16, 2012, the Common Shares were listed and posted for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "GNE". On January 17, 2012, the Common Shares were listed and posted for trading on the TSX under the trading symbol "VVX". On December 13, 2012, the Company moved its Common Shares and listed Debentures to the Canadian Securities Exchange ("CSE") under the trading symbol "VVX". On July 24, 2014, the Company changed its trading symbol to "UP" in conjunction with the name change to UpSnap, Inc.

8. CONSOLIDATED CAPITALIZATION

8.1 CHANGES IN SHARE CAPITAL

The following table sets out the changes in the Company's share capital since January 1, 2018:

(in 000's, except share data)	Common shares	Share capital	Contributed surplus
Balance at January 1, 2017	266,045,941	88,748	19,687
Debenture interest settlement	690,000	7	-
Debenture interest settlement	450,000	6	-
Debenture interest settlement	455,000	7	-
Stock-based compensation	-	-	50
Balance at Filing Date	267,640,941	88,768	19,737

9. OPTIONS TO PURCHASE SECURITIES

9.1 OPTIONS OUTSTANDING

The following table sets out the Company's outstanding options at the Filing Date:

	Options Outstanding	Options Exercisable	Weighted Average Exercise Price in \$	Weighted Average Remaining Life in Years
Current and former officers and directors	8,500,000	5,736,111	0.05	2.47
Current and former employees	-	-	-	-
Current and former consultants	6,900,000	6,050,000	0.05	1.41
Total at Filing Date	15,400,000	11,786,111	0.05	1.93

STOCK OPTION PLAN

Under the Company's current Stock Option Plan (the "Plan"), the Company's directors may approve the issuance of stock options to directors, officers, employees and consultants of the Company and its affiliates. The aggregate number of shares reserved for issuance under the Plan is up to 10% of the number of outstanding common shares. As at the Filing Date, 15,400,000 stock options remained outstanding at \$0.05 per share. Options for the Company's directors vest immediately while options for employees generally vest ratably over a period of three years. All options have a life of five years and have expiry dates ranging from November 13, 2019 to September 14, 2022.

10. DESCRIPTION OF THE SECURITIES

10.1 COMMON SHARES

As at the Filing Date, there were 266,735,941 Common Shares outstanding and the Company has distributed options, warrants and debentures that entitle the holders of such instruments to acquire additional Common Shares from the treasury of the Company.

The holders of the Common Shares are entitled to one vote per share at meetings of shareholders, to receive such dividends as may be declared by the Company and to receive the remaining property and assets of the Company upon dissolution or winding up of the Company. The Common Shares are not subject to any future calls or assessments and there are no pre-emptive, conversion or redemption rights attached to the Common Shares.

10.2 DEBT SECURITIES

There are no debentures listed for trading at the Filing Date.

10.4 OTHER SECURITIES

The Company's listed securities consist of Common Shares.

10.5 MODIFICATION OF TERMS

There are no provisions to modify the terms of any listed securities.

10.6 OTHER ATTRIBUTES

There are no limitations or qualifications on the Company's listed securities.

10.7 PRIOR SALES

There were no security sales in the past three years.

10.8 STOCK EXCHANGE PRICE

Until January 16, 2012, the Common Shares were listed and posted for trading on the TSX under the trading symbol "GNE". On January 17, 2012, the Common Shares were listed and posted for trading on

the TSX under the trading symbol "VVX". On December 13, 2012, the Common Shares were listed and posted for trading on the CSE under the trading symbol "VVX". On July 24, 2014, the Company changed its trading symbol to "UP" in conjunction with the name change to UpSnap, Inc. The following table sets out the market price ranges and the aggregate volume of trading of the Common Shares for the months indicated:

	High (\$)	Low (\$)	Close (\$)	Volume (Common Shares)
Q2 2017	0.02	0.01	0.02	3,174,395
Q3 2017	0.03	0.01	0.02	2,122,070
Q4 2017	0.03	0.01	0.01	4,178,363
Q1 2018	0.06	0.01	0.02	20,314,764
Q2 2018	0.03	0.01	0.02	7,863,196
Q3 2018	0.02	0.01	0.01	3,233,934
Q4 2018	0.02	0.01	0.01	8,140,819
January 2019	0.01	0.01	0.01	278,197
February 2019	0.01	0.01	0.01	273,924
March 2019	0.01	0.01	0.01	415,526

11. ESCROWED SECURITIES

11.1 ESCROWED SECURITIES

None of the Company's outstanding securities are subject to escrow restrictions.

12. PRINCIPAL SHAREHOLDERS

12.1 PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Listing Statement, persons that beneficially own or exercises control or direction over the Company's shares carrying more than 10% of the votes attached to the shares are as follows:

UFPB UpSnap LLC, a subsidiary of User Friendly Media, owns 133,498,751 Common Shares, representing 49% of the Company's outstanding Common Shares as of the Filing Date.

13. DIRECTORS AND OFFICERS

13.1 – 13.5 DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Company and the principal occupations of the directors and executive officers of the Company as at the Filing Date are set out in the following table and the notes thereto.

Name	Address (municipality)	Office or Position with Company	Number of Common Shares Held⁽¹¹⁾	Director Since
Bruce Howard ⁽⁴⁾⁽⁵⁾	The Woodlands, Texas, U.S.A.	CEO, Director	431,000 (<1%)	February 2014
Heather Burrer ⁽⁴⁾⁽⁷⁾	Houston, Texas, U.S.A.	VP, Director	305,000 (<1%)	June 2016
Michael Inskip ⁽¹⁾⁽²⁾⁽³⁾⁽⁸⁾	Ontario, Canada	Director	Nil	August 2016
Rance Walls ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾	Kansas City, Missouri, U.S.A.	Director	Nil	May 2017
Daniel Hilton ⁽¹⁾⁽²⁾⁽³⁾⁽⁹⁾	Ottawa, Ontario Canada	Director	Nil	August 2017
Alex Pekurar ⁽⁴⁾⁽¹⁰⁾	Toronto, Ontario Canada	Chief Financial Officer	40,000 (<1%)	N/A

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of Governance and Nominating Committee.
- (4) Member of Disclosure Committee.
- (5) Mr. Howard has served as CEO of the Company since March 2014 and has been CEO of User Friendly Media (a private directory publisher) since 1999.
- (6) Mr. Walls has served as Vice President, Sales and Marketing with the Liberty Press since 1999.
- (7) Ms. Burrer has served as VP of the Company since March 2014 and has been VP of User Friendly Media (a private directory publisher) since 2006.
- (8) Mr. Inskip is an advisor to start up companies.
- (9) Mr. Hilton is the Chief Financial Officer of Careworx Corporation and was formerly the Chief Financial Officer & Corporate Secretary at Datawind Ltd. since 2014.
- (10) Mr. Pekurar has served as CFO of the Company since October 2012.
- (11) Does not include shares issuable upon the exercise of outstanding options or other convertible securities.

The term of each director expires at the next annual meeting of shareholders of the Company.

13.6 – 13.9 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS

To the knowledge of UpSnap, other than as described below, no director or executive officer of the Company is, as at the date of this Listing Statement, or has been, within ten years before the date hereof, a director, chief executive officer, or chief financial officer any issuer that:

- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Hilton was a director of LeoNovus Inc. (TSXV) when it was unable to file its annual financial statements for the fiscal year ended December 31, 2015 and its quarterly filing statements for the first quarter of the fiscal year ending on December 31, 2016 within the statutory filing deadlines for such documents. As a result, it was subject to cease trade orders issued by the Ontario Securities Commission, the British Columbia Securities Commission and the Alberta Securities Commissions. LeoNovus Inc. has now cured all of its outstanding filing defaults and was reinstated for trading as of August 29, 2016.

To the knowledge of UpSnap, no director or executive officer of the Company or shareholder holding a sufficient number of securities of UpSnap to affect materially the control of UpSnap:

- (i) is, as of the date of this Listing Statement, or has been within ten years before the date hereof, a director or executive officer of any company (including UpSnap) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the ten years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of UpSnap, no director, executive officer or shareholder holding a sufficient number of securities of UpSnap to affect materially the control of UpSnap has been subject to:

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

- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

13.10 CONFLICTS OF INTEREST

Certain of the directors of UpSnap are also officers, directors or consultants of other companies engaged in the technology industry. As a result, situations may arise where the interests of such directors conflict with their interests as directors of other companies. The resolution of such conflicts will be governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of UpSnap and, in the case of the *Business Corporations Act* (Alberta), UpSnap's governing statute, that directors declare their interest in and refrain from voting on, any material contract or material transaction in which they may have a conflict of interest.

13.11 MANAGEMENT

BRUCE HOWARD – CHIEF EXECUTIVE OFFICER AND DIRECTOR

Bruce Howard is a seasoned executive with more than 25 years of sales, marketing, production, publishing, new market development and general management experience in both the competitive and utility telephone directory publishing industry. His experience and reputation are widely recognized in the directory publishing industry. Over the course of his career, Mr. Howard has worked with companies including Ameritech Advertising Services, Southeast Directory Company, and America's Directories South. He holds a BA degree in Business Administration from Alma College in Alma, Michigan, and has completed the majority of coursework toward a Master of Science in Management from Walsh College in Troy, Michigan. Mr. Howard has been the CEO of User Friendly Media since August 1999.

ALEX PEKURAR – CHIEF FINANCIAL OFFICER

Alex Pekurar joined UpSnap in January 2011 and previously served as our controller. Mr. Pekurar has over 15 years of leadership experience in both technology and accounting industries. Mr. Pekurar oversees all aspects of our financial operations and investor relations and brings to our team a culture of accountability and transparency. Prior to joining UpSnap, Mr. Pekurar worked in public accounting at RSM Canada (formerly Collins Barrow), where he attained his CPA designation. He holds a Bachelor of Applied Science in Computer Engineering from the University of Toronto and a Master of Management and Professional Accounting from the Rotman School of Management at the University of Toronto.

LANCE BROWN – VICE PRESIDENT, PRODUCT AND TECHNOLOGY

Lance Brown oversees and manages product strategy, campaign performance and the technology infrastructure to drive innovation for UpSnap's clients. He comes to UpSnap with more than 15 years of product strategy experience. Most recently, Mr. Brown was VP of Product Development at UFM where he developed a strong passion helping small businesses succeed with digital and mobile advertising products. Previous roles included service as Digital Marketing & Ecommerce Director at Merrick Group and as Marketing Director at SalesNexus. Mr. Brown has a BA from Colorado State University and a MS degree in Internet Marketing and Strategy.

GREG GARRICK – VICE PRESIDENT, SALES AND MARKETING

Greg Garrick is responsible for the development and execution of all UpSnap sales & marketing strategy. He joined UpSnap in May 2014 with a wealth of small business and marketing experience. Most recently he was Vice President, Marketing & Communications for Manta, the world's largest online small business community. Prior to that, he served as the VP of Marketing & Corporate Development at Hearst-owned LocalEdge Media. Previous employers include Dex Media, SBC and Ameritech, where he served in a variety of marketing roles including strategy, product development and innovation. Mr. Garrick also served for several years as a top 5% media consultant with Gerson Lehrman Group, advising clients on small business marketing trends. He has substantial experience in developing digital & mobile products that resonate with SMBs. Mr. Garrick has a BA from Drake University.

HEATHER BURRER – VICE PRESIDENT, GENERAL COUNSEL

Heather Burrer has served in an executive leadership and legal advisory role with UFM since 2006. Ms. Burrer is responsible for all legal and business affairs functions including general corporate, intellectual property, litigation, employment matters and risk management. In addition to her legal role she also directs the Human Resource, Recruitment, Training, and Digital Operations and provides guidance on general business matters. Mrs. Burrer earned her Juris Doctorate degree from South Texas College of Law and her Bachelor of Arts from Southwestern University where she majored in political science and communications. She has applied her legal training in a variety of legal environments. Most recently, her work with Fulbright and Jaworski, LLP has prepared her to handle general corporate, corporate governance, and other areas complementary to in-house corporate law for the Company.

14. CAPITALIZATION

14.1 ISSUED CAPITAL

	Number of Securities (non-diluted)	Number of Securities (fully-diluted*)	% of Issued (non-diluted)	% of Issued (fully diluted*)
Public Float				
Total outstanding (A)	267,640,941	267,640,941	100	100
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 10% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 10% voting position in the Issuer upon exercise or conversion of other securities held) (B)	133,498,751	133,498,751	49	49
Total Public Float (A-B)	134,142,190	134,142,190	51	51
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	-	-	-	-
Total Tradeable Float (A-C)	267,640,941	267,640,941	100	100

* As the effect of all outstanding stock options and warrants is anti-dilutive during a year when the Company incurs a loss, the number of fully diluted securities and non-diluted securities are the same.

PUBLIC SECURITYHOLDERS (REGISTERED)

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	1	9
100 – 499 securities	7	1,792
500 – 999 securities	1	817
1,000 – 1,999 securities	2	2,807
2,000 – 2,999 securities	1	2,020
3,000 – 3,999 securities	1	3,049
4,000 – 4,999 securities	-	-
5,000 or more securities	35	267,630,447
	48	267,640,941

PUBLIC SECURITYHOLDERS (BENEFICIAL)

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	245	8,288
100 – 499 securities	226	52,516
500 – 999 securities	65	44,868
1,000 – 1,999 securities	52	65,507
2,000 – 2,999 securities	33	76,118
3,000 – 3,999 securities	12	40,240
4,000 – 4,999 securities	8	33,392
5,000 or more securities	189	36,563,818
	830	36,884,747

14.2 CONVERTIBLE SECURITIES

COMMON SHARES

The following table sets out UpSnap's convertible securities as of the Listing Date:

Description of Security	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Stock Options	15,400,000	15,400,000
Share Purchase Warrants	-	-

14.3 SECURITIES RESERVED FOR ISSUANCE

There are no listed securities reserved for issuance.

15. EXECUTIVE COMPENSATION

15.1 STATEMENT OF EXECUTIVE COMPENSATION

The following table sets out the total compensation paid to each executive of the Company for the year indicated:

Name and Principal Position	Year	Salary	Option-based Awards	Incentive Plans	All Other Compensation	Total Compensation
Bruce Howard, CEO ⁽¹⁾	2018	Nil	12,221	Nil	20,000	32,221
	2017	Nil	11,668	Nil	10,000	21,668
	2016	Nil	7,194	Nil	Nil	7,194
Alex Pekurar, CFO ⁽²⁾	2018	114,462	3,594	Nil	Nil	118,056
	2017	114,462	4,623	Nil	Nil	119,085
	2016	114,462	4,292	Nil	Nil	118,754

Notes:

(1) Mr. Howard was appointed CEO in March 2014.

(2) Mr. Pekurar was appointed CFO in October 2012.

COMPENSATION DISCUSSION AND ANALYSIS

In assessing the compensation of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on Board discussion.

The Company's executive compensation program has three principal components: base salary, incentive bonus plan and stock awards or options. Base salaries for all employees of the Company will be established for each position through comparative information relative to regional market pay, along with the competencies and skills of the individuals. Incentive bonuses are designated to add a variable component of compensation based on corporate and individual performances for executive officers and employees. No bonuses have been paid to executive officers; however, sales personnel have received incentive bonuses in the form of sales commissions earned based on their individual commission plans.

The Company has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

OPTION-BASED AWARDS

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. The Company awards stock options to its executive officers and its employees, based upon the Board's review of a proposal from the CEO. Previous grants of incentive stock options are taken into account when considering new grants.

DIRECTOR COMPENSATION

Directors of the Company earn a quarterly fee of \$5,000 for serving on the board of directors and all directors can be issued option-based awards in accordance with the Company's stock option plan. The value of option-based awards are estimated using a Black-Scholes option pricing model. The following table sets out the total compensation paid to directors during the year ended December 31, 2018:

Name	Fees Earned	Option-based Awards	All Other Compensation	Total Compensation
Heather Burrer	20,000	12,221	Nil	32,221
Michael Inskip	20,000	2,876	Nil	22,876
Rance Walls	20,000	1,438	Nil	21,438
Daniel Hilton	20,000	1,438	Nil	21,438

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 AGGREGATE INDEBTEDNESS

As at the Filing Date, none of the executive officers or directors of the Company, or associates or affiliates of such persons:

- (a) are or have been indebted to the Company at any time; or
- (b) are or have been indebted to another entity at any time where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar.

16.2 INDEBTEDNESS OF DIRECTORS AND OFFICERS

No directors or officers were indebted to the Issuer or any of its subsidiaries as at the Filing Date.

17. RISK FACTORS

17.1 – 17.3 RISK FACTORS RELATING TO THE BUSINESS OF THE CORPORATION

In addition to the other information contained in this Listing Statement, readers should give careful consideration to the following risk factors, which should be read in conjunction with the detailed information and risk factors appearing elsewhere in this Filing Statement. Any of the matters highlighted in these risk factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that the Company is not aware of, or that are currently deemed immaterial, may also impair the Company's business results of operations and financial condition.

An investment in and ownership of Common Shares should be considered highly speculative due to the nature of UpSnap's business, its current stage of development and the Company's requirement for additional financing.

SUBSTANTIAL CAPITAL REQUIREMENTS; LIQUIDITY; GOING CONCERN

Because of the costs associated with further development of UpSnap's technology and business, and the fact that UpSnap's ability to generate revenue will depend on a variety of factors (including the ability of UpSnap to meet its development schedule and consumer and merchant acceptance of UpSnap technologies), additional funds are required to support UpSnap's business. UpSnap has accumulated a substantial deficit and currently has a significant working capital deficiency. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Additional funds (whether through additional equity financing, debt financing or other sources) may not be available (at all or on terms acceptable to UpSnap) or may result in significant dilution to UpSnap shareholders or significant interest obligations. The inability to obtain additional funds may have a material adverse effect on UpSnap's business, results of operations, and financial condition.

NO RECORD OF PROFIT

UpSnap has incurred significant losses to date, and there can be no assurance that the future business activities of UpSnap will be profitable. Since its organization, UpSnap has incurred costs to develop and enhance its technology, to establish strategic relationships, to acquire complementary technologies and to build administrative support systems. UpSnap has incurred negative operational cash flow to date. UpSnap incurred losses of \$0.7 million for the year ended December 3, 2018, \$0.2 million for the year ended December 31, 2017, \$1.0 million for the year ended December 31, 2016, \$1.1 million for the year ended December 31, 2015, \$4.1 million for the year ended December 31, 2014, \$12.2 million for the year ended December 31, 2013, \$11.2 million for the year ended December 31, 2012, \$13.2 million for the year ended December 31, 2011, \$8.6 million for the year ended December 31, 2010, \$12.4 million for the year ended December 31, 2009, \$20.5 million for the year ended December 31, 2008, \$12.6 million for the year ended December 31, 2007, and \$6.5 million for the year ended December 31, 2006. UpSnap's ability to operate profitably and generate positive cash-flow in the future will be affected by a variety of factors (including its ability to further develop and test its technology on schedule and on budget, the pace at

which it secures additional customers, the time and expense required for the roll-out of its products, its success in marketing its solutions and services to consumers and merchants, the intensity of the competition experienced by UpSnap and the availability of additional capital to pursue its business plan, including development of new solutions and services). An inability to generate sufficient funds from operations will have a material adverse effect on UpSnap's business, results of operations and financial condition.

DEVELOPING MARKET

UpSnap is engaged in the development and marketing of solutions and services that are relatively new and, as such, the primary market for UpSnap's solutions and services is underdeveloped and continues to evolve. As is typical in the case of a new evolving industry segment, the demand for the Company's solutions and services is subject to a high level of uncertainty. If the markets for the UpSnap solutions and services fail to develop, develop more slowly than expected or become saturated with competitors, or if the Company's solutions and services do not achieve and maintain market acceptance, the Company's business, results of operations and financial condition will be materially adversely affected.

CURRENT ENTERPRISE VALUE ASSIGNED BY THE MARKET; LIQUIDITY

The actions of all stakeholders in the business may be adversely affected by the current market capitalization of the Company. These stakeholders include customers, potential customers, competitors, channel delivery counterparties, technology counterparties, and current or prospective employees. These stakeholders may ascribe a higher business risk to the Company due to its relatively low market capitalization, and any perception of higher risks may have a material adverse effect on UpSnap's business, results and financial condition.

THIRD PARTY TECHNOLOGY

In providing its solutions and services, UpSnap is, and will continue to be, dependent on technologies and infrastructure that are beyond UpSnap's control, including landline and cellular telephone networks, directory databases and speech recognition and text-to-speech applications. There can be no assurance that if weaknesses or errors in third party software or hardware are detected, UpSnap will be able to correct or compensate for such weaknesses or errors. If UpSnap is unable to address weaknesses or errors and the Company's solutions and services are therefore unable to meet consumer or merchant needs or expectations, UpSnap's business, results of operations and financial condition will be materially adversely affected. In addition, there can be no assurance that the Company will continue to have access to required third-party technology on terms acceptable to UpSnap. If UpSnap is unable to obtain third party technology on acceptable terms, UpSnap's business, results of operations and financial condition will be materially adversely affected.

RAPID TECHNOLOGICAL CHANGE

The technology industry is subject to rapid change, and the inability of UpSnap to adapt to such change may have an adverse effect on UpSnap's business, results of operations and financial condition. The effect of new developments and technological changes on the business sector in which UpSnap is active cannot be predicted. Such developments would include, but are not limited to, change in how mobile advertising is delivered by advertisers and transacted with potential consumers, declining paid directory assistance

transactions and resulting advertising opportunities arising on a global basis, a change in the success rate on the application of analytics in advertising, consumer backlash resulting from the collection and use of demographic intelligence, clients' ability to execute and industry consolidation. UpSnap's failure to adapt to any of the above could have a material adverse effect on UpSnap's business, results of operations and financial condition.

COMPETITION

UpSnap is subject to competition from other organizations (many of which have substantially greater human and financial resources) and there can be no assurance that UpSnap will be able to compete effectively in its target markets. Technologies exist that are competitive with the Company's product suite. Certain organizations with substantially greater financial and human resources than the Company have active research and development initiatives involving the development and implementation of voice search capabilities, workstation applications, analytics and ad network arrangements. The inability of UpSnap to preserve existing customers and secure additional customers due to competitive technologies will have a material adverse effect on UpSnap's business, results of operations and financial condition.

In addition, advances in communications technology as well as changes in the marketplace and the regulatory environment are constantly occurring and any such change could have a material adverse effect on UpSnap.

NEED FOR RESEARCH AND DEVELOPMENT

To achieve its business objectives and obtain market share and profitability, UpSnap will need to continually research, develop and refine the Company's various technologies. Many factors may limit UpSnap's ability to develop and refine required technologies or to create, acquire or negotiate access to new technologies. UpSnap may also be exposed to marketplace resistance to new technology and services. Any failure of UpSnap to develop new technologies or refine its existing technologies, or offer new solutions and services could have a material adverse effect on UpSnap's business, results of operations and financial condition.

DEFECTS AND LIABILITY

The hardware and software utilized to deliver the Company's solutions and services is complex and sophisticated and may contain design defects or software errors that are difficult to detect and correct. There can be no assurance that the Company's technologies will be free from errors or defects, or, if discovered, that UpSnap will be able to successfully correct such errors in a timely manner or at all. Errors or failures in the Company's technologies could result in loss of or delay in market acceptance of the Company's solutions and services and correcting such errors and failures could require significant expenditures. Because of the competitive nature of the marketplace in which the Company's product suite is delivered, the reputational harm resulting from errors and failures could be very damaging to UpSnap. The consequences of such errors and failures could have a material adverse effect on UpSnap's businesses, results of operations and financial condition.

PATENTS AND OTHER INTELLECTUAL PROPERTY

While UpSnap has applied for patents for certain elements of its technology, there can be no assurance that such applications will result in the granting of patent protection. Competitors may have filed patent applications or hold issued patents relating to services or processes competitive with those of UpSnap. Any patents covering elements of the UpSnap technology granted to third parties (or the inability of UpSnap to successfully challenge such patents) may impair UpSnap's ability to do business in a particular area including in key markets. Others may independently develop similar services or duplicate unpatented elements of the Company's technologies.

UpSnap's success will be largely dependent upon its ability to protect its proprietary technologies. UpSnap relies upon copyrights, trademarks and trade secrets to protect its intellectual property. Where appropriate, UpSnap also enters into non-disclosure agreements with persons to whom it reveals proprietary information. Any failure or inability on the part of UpSnap to protect its intellectual property could have a material adverse effect on UpSnap's business, results of operations and financial condition.

UpSnap may be required to engage in litigation in the future to enforce or protect its intellectual property rights or to defend against claims of invalidity and UpSnap may incur substantial costs as a result. Any claims or litigation initiated by UpSnap to protect its intellectual property could result in significant expense to UpSnap and diversion of the efforts of UpSnap's technical and management resources, whether or not the claims or litigation are determined in favor of UpSnap.

ABILITY TO MANAGE GROWTH

Responding to consumer and merchant demands, expansion into other geographical markets and targeted growth in UpSnap's business has placed, and is likely to continue to place, significant strains on UpSnap's administrative and operational resources and increased demands on its management, internal systems, procedures and controls. If UpSnap experiences rapid acceptance of its solutions and services, the need to manage such growth will add to the demands on UpSnap's management, resources, systems, procedures and controls. There can be no assurance that UpSnap's administrative infrastructure, systems, procedures and controls will be adequate to support UpSnap's operations or that UpSnap's officers and personnel will be able to manage any significant expansion of operations. If UpSnap is unable to manage growth effectively, UpSnap's business, operating results and financial condition will be materially adversely affected.

PERSONNEL RESOURCES

UpSnap is (and will continue to be) reliant upon its management and technical personnel in all aspects of its business, including to anticipate and address consumer and merchant demands in areas such as software development, customer service, marketing, finance, strategic planning and management. There can be no assurance that qualified management or technical personnel will be available to UpSnap in the future. The loss of services of any of the Company's management or technical personnel could have a material adverse effect on its business, results of operations and financial condition.

POTENTIAL FLUCTUATIONS IN QUARTERLY OPERATING RESULTS

UpSnap expects to be exposed to significant fluctuations in quarterly operating results caused by many factors, including changes in the demand for the Company's solutions and services, the introduction of competing technologies, market acceptance of enhancements to the Company's solutions and services, delays in the introduction of enhancements to the Company's solutions and services, changes in UpSnap's pricing policies or those of its competitors, the mix of solutions and services sold, foreign currency exchange rates and general economic conditions. Such fluctuations could have a material adverse effect on UpSnap's business, results of operations and financial condition.

RISK OF INDUSTRY CONSOLIDATION

UpSnap's customers include carriers, telecommunication providers, yellow pages providers, directory assistance providers, publishers, publisher aggregators, advertisers, advertising aggregators, agencies, directory data providers, mobile application and service providers, ad networks, in-call media, and search engines. Each of these industries is characterized by constant change, restructuring and consolidation. As a result, UpSnap may have established working relationships with one such customer undermined by a business combination or other transaction with another business in the marketplace. This could have a material adverse effect on UpSnap's business, results of operations and financial conditions.

GOVERNMENT REGULATION

The marketplace within which UpSnap operates is in constant flux in relation to government regulation. Areas being regulated include regulation relating to call handling, privacy, opt-in requirements for mobile application. Regulation is also being considered for use and application of consumer demographic information for mobile advertising purposes and other areas impacting on mobile advertising. The consequences of such regulation or changes to such regulation could have a material adverse effect on UpSnap's business, results of operations and financial condition.

COSTS ASSOCIATED WITH COMPLIANCE WITH SECURITIES LAWS

UpSnap is a publicly traded Company and is subject to all of the obligations imposed on "reporting Corporations" under applicable securities laws and all of the obligations applicable to a listed company under stock exchange rules. Direct and indirect costs associated with public company status have increased in recent years and regulatory initiatives under consideration may further increase the costs of being public in Canada and could have a material adverse effect on UpSnap's business, results of operations and financial condition. If UpSnap is unable to generate significant revenues from business operations, the cost of complying with applicable regulatory requirements will represent a significant financial burden to UpSnap and may have a material adverse effect on UpSnap's business, results of operations and financial condition.

18. PROMOTERS

18.1-18.2 PROMOTERS

In the normal course of financing the Company pays fees to agents and brokers. The fees paid by the Company are disclosed in its financial statements and regulatory filings. Other than as follows, the Company has not engaged any promoters in the past two years:

On April 15, 2014, the Company retained Virtus Advisory Group Inc. (“Virtus”) to provide strategic investor relations services. Virtus will assist the Company by undertaking ongoing communications and promotional support for the Company’s relations with the professional investment community. In connection with the engagement, Virtus has been awarded a consulting contract for a monthly fee of \$5,000.

19. LEGAL PROCEEDINGS

19.1 LEGAL PROCEEDINGS

The Company is not aware of any material legal proceedings.

19.2 REGULATORY ACTIONS

The Company is not aware of any regulatory actions.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

20.1 INTEREST OF MANAGEMENT

In March 2017, the Company and UFM agreed to settle a \$100,000 debenture plus all accrued interest totaling \$142,750 by issuing 7,137,500 common shares.

In June 2017, the Company and UFM agreed to settle a portion of its trade payables balance totaling \$455,000 by issuing 22,750,000 common shares.

In June 2017, the Company issued a debenture to UFM for gross proceeds of \$200,000. The debenture bears interest at a rate of 13.5% per annum and matures on June 20, 2018.

On February 7, 2018, the Company made an interest payment on an outstanding debenture through the issuance of 690,000 common shares at a price of \$0.01 per share.

On May 5, 2018, the Company made an interest payment on an outstanding debenture through the issuance of 450,000 common shares at a price of \$0.015 per share.

On July 23, 2018, the Company made an interest payment on an outstanding debenture through the issuance of 455,000 common shares at a price of \$0.015 per share.

On October 2, 2018, UpSnap and UFM agreed to settle an existing \$0.2 million debenture, accrued interest and outstanding trade amounts totalling \$0.6 million by issuing a new \$0.8 million debenture. The new debenture bears interest at a rate of 13.5% per annum and matures on September 30, 2020.

Other than the foregoing, there are no material interests, direct or indirect, of any director, executive officer, person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years, or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 AUDITORS

The Company's auditor is RSM Canada (formerly Collins Barrow Toronto LLP).

21.2 TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Common Shares is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

22. MATERIAL CONTRACTS

22.1 MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, there are no contracts that are material to UpSnap (involving the Company or any of its affiliates) and were entered into during the two years before the Filing Date:

23. INTEREST OF EXPERTS

23.1 DIRECT OR INDIRECT INTEREST

The consolidated financial statements of the Company as at and for the year ended December 31, 2017, have been audited by RSM Canada (formerly Collins Barrow Toronto LLP). RSM Canada have advised UpSnap that they are independent in accordance with the auditors' rules of professional conduct applicable in Ontario.

23.2 – 23.3 BENEFICIAL OWNERSHIP

The experts listed above do not have a beneficial ownership.

23.4 DIRECTOR APPOINTMENTS

The experts listed above are not expected to be elected, appointed or employed by the Company.

24. OTHER MATERIAL FACTS

24.1 MATERIAL FACTS

There is no other material fact about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. FINANCIAL STATEMENTS

25.1 AUDITED FINANCIAL STATEMENTS

Audited financial statements for the preceding financial years have been filed and can be found on “SEDAR” at www.sedar.com.