



Data Deposit Box Inc.
(formerly Coltrane Technologies Inc.)

Unaudited Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2016 and 2015

(expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Data Deposit Box Inc., (formerly Coltrane Technologies Inc.), (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Troy Cheeseman
President and Chief Executive Officer

Marco Guidi
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated statements for the three month periods ended March 31, 2016 and 2015 have not been reviewed by the Company's auditors.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Unaudited Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

<i>As at,</i>	March 31, 2016	December 31, 2015
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (note 5)	608,968	1,150,068
Accounts receivable (note 6)	74,375	132,189
Taxes receivable (note 7)	45,350	110,980
Investment tax credits receivable (note 18)	38,226	74,026
Prepaid expenses	20,433	26,189
	787,352	1,493,452
Property and equipment (note 8)	2,446,283	2,582,515
Intangible assets (note 9)	281,208	370,805
	3,514,843	4,446,772
LIABILITIES AND EQUITY		
Current		
Trade and other payables (notes 10 and 11)	724,470	958,640
Unearned revenue	86,672	160,448
Current portion of finance lease obligations (note 19)	191,767	223,459
Demand loan (note 20)	866,667	966,667
	1,869,576	2,309,214
Finance lease obligations (note 19)	109,909	143,659
	1,979,485	2,452,873
Equity		
Share capital (note 13)	6,999,207	6,879,207
Reserve for share-based payments (note 15)	1,725,525	1,686,525
Reserve for warrants (note 16)	1,392,845	1,324,845
Deficit	(8,582,219)	(7,896,678)
	1,535,358	1,993,899
	3,514,843	4,446,772

Nature of operations and going concern (note 1)

Commitments and contingencies (note 17)

Events after the reporting period (note 22)

On behalf of the Board of Directors on May 26, 2016:

("signed")

Troy Cheeseman

Director

("signed")

Tim Jewell

Director

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended March 31, 2016 \$	Three months ended March 31, 2015 \$
Revenue	996,084	1,164,034
Cost of sales		
Data center	363,205	328,986
Amortization (note 9)	92,518	111,661
Wages and benefits	22,118	24,538
Commissions	81,200	116,872
Merchant fees	42,502	44,244
Total cost of sales	601,543	626,301
Gross margin	394,541	537,733
Operating expenses		
Wages and benefits (note 11)	389,017	295,334
Professional fees	93,558	73,251
Sales and marketing	223,357	40,425
General and administrative	114,831	70,653
Shareholder information	15,000	-
Management salaries (note 11)	18,075	47,380
Depreciation (note 8)	136,232	154,317
Share-based payments (note 14 and 16)	39,000	446,000
Total expenses	1,029,070	1,127,360
Loss before listing costs, interest expense, and gain (loss) on foreign exchange	(634,529)	(589,627)
Other income (expense)		
Listing costs (note 11 and 12)	-	(1,827,348)
Interest expense	(18,564)	(31,202)
Gain (loss) on foreign exchange	(32,448)	9,262
Net loss and comprehensive loss	(685,541)	(2,438,915)
Loss per share - basic and diluted	(0.02)	(0.13)
Weighted average number of common shares outstanding - basic and diluted	31,404,768	18,394,481

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Unaudited Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital		Reserve for share-based payments	Reserve for warrants	Retained earnings (deficit)	Total
	Number of shares*	Amount				
Balance at December 31, 2014	16,524,408	\$ 3,565,115	\$ 985,525	\$ 621,000	\$ (3,202,443)	\$ 1,969,197
Shares and warrants notionally issued for reverse acquisition (Note 12)	12,021,898	2,765,037	-	785,000	-	3,550,037
Share-based payments	-	-	446,000	-	-	446,000
Net loss and comprehensive loss for the period	-	-	-	-	(2,438,915)	(2,438,915)
Balance at March 31, 2015	28,546,306	\$ 6,330,152	\$ 1,431,525	\$ 1,406,000	\$ (5,641,358)	\$ 3,526,319
Issuance of share capital, net of issue costs (Note 13)	1,875,000	365,000	-	-	-	365,000
Warrants issued on private placement (Note 16)	-	(132,000)	-	132,000	-	-
Exercise of warrants	365,000	102,900	-	-	-	102,900
Reserve transferred on exercise of warrants	-	213,155	-	(213,155)	-	-
Share-based payments	-	-	255,000	-	-	255,000
Net loss and comprehensive loss for the period	-	-	-	-	(2,255,320)	(2,255,320)
Balance at December 31, 2015	30,786,306	\$ 6,879,207	\$ 1,686,525	\$ 1,324,845	\$ (7,896,678)	\$ 1,993,899
Issuance of share capital, net of issue costs (Note 13)	1,005,000	188,000	-	-	-	188,000
Warrants issued on private placement (Note 16)	-	(66,000)	-	66,000	-	-
Broker warrants on private placement (Note 16)	-	(2,000)	-	2,000	-	-
Share-based payments	-	-	39,000	-	-	39,000
Net loss and comprehensive loss for the period	-	-	-	-	(685,541)	(685,541)
Balance at March 31, 2016	31,791,306	\$ 6,999,207	\$ 1,725,525	\$ 1,392,845	\$ (8,582,219)	\$ 1,535,358

* Number of shares outstanding reflects the six for one share consolidation on March 2, 2015 of the Company's issued and outstanding shares

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)**Unaudited Interim Consolidated Statements of Cash Flows**

(Expressed in Canadian dollars)

	Three months ended March 31, 2016 \$	Three months ended March 31, 2015 \$
Operating activities		
Net loss for the year	(685,541)	(2,438,915)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of intangible assets	92,518	111,661
Depreciation of property and equipment	136,232	154,317
Share-based payments	39,000	446,000
Non-cash listing costs	-	1,614,861
Changes in non-cash working capital, net of acquisition (note 12)		
Accounts receivable	57,814	(20,725)
Promissory notes receivable	-	244,842
Prepaid expenses	5,756	112,050
Investment tax credits receivable	35,800	-
Taxes receivable	65,630	4,765
Unearned revenue	(73,776)	26,730
Trade and other payables	(234,170)	(111,754)
Cash (used in) provided from operating activities	(560,737)	143,832
Financing activities		
Proceeds from private placement, net of issue costs	188,000	-
Repayment of finance lease obligations	(165,442)	(283,078)
Cash provided from (used in) financing activities	22,558	(283,078)
Investing activities		
Purchase of property, plant and equipment	(2,921)	-
Net cash acquired from reverse acquisition	-	2,037,794
Cash (used in) provided from investing activities	(2,921)	2,037,794
Increase (decrease) in cash and cash equivalents	(541,100)	1,898,548
Cash and cash equivalents, beginning of period	1,150,068	427,400
Cash and cash equivalents, end of period	608,968	2,325,948
Supplementary Information		
Interest paid	18,095	31,360
Income tax paid (recovered)	-	-

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Data Deposit Box Inc. (“Data Deposit Box” or “the Company”), formerly Coltrane Technologies Inc., was incorporated in the province of British Columbia on September 16, 2014. The Company’s head office is located at 1 Eglinton Avenue East, Suite 407, Toronto, ON, M4P 3A1.

Acpana Business Systems Inc. (“Acpana”) was incorporated under the laws of Ontario on December 4, 2002. On March 18, 2015, Acpana completed a reverse takeover transaction of Data Deposit Box. For accounting purposes, Acpana is considered the acquirer and Data Deposit Box, the acquired company. Additional information on the transaction is available in note 12.

The Company is engaged in the development and operation of off-site computer data storage facilities and other business computer applications for commercial business customers.

These unaudited interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company has a net loss for the three month period ended March 31, 2016 of \$685,541 (2015 - \$2,438,915) and negative cash flows from operating activities of \$560,737 (2015 - \$143,832 positive cash flow). In addition, the Company has an accumulated deficit of \$8,582,219 (December 31, 2015 - \$7,896,678) and a working capital deficiency of \$1,082,224 (December 31, 2015 - \$815,762 working capital deficiency) and is currently in breach of its debt covenants (note 20). These conditions indicate the existence of material uncertainties which cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations and/or restructure the existing debt and payables. These unaudited interim consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

2.2 Basis of presentation

These unaudited interim consolidated financial statements were authorized by the Board of Directors of the Company on May 26, 2016.

The notes herein include only significant transactions and events occurring since the Company’s last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the Company’s most recent annual audited financial statements for the year ended December 31, 2015.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates and judgments relate to the calculation of share-based payments, valuation of deferred income tax amounts, determination of functional currency, and the recoverability of taxes receivable including accrual of scientific research and experimental development (SR&ED) tax credits. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

Calculation of share-based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share-based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Functional currency

The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in Canada and the United States, and sources of equity financing.

Taxes receivable related to research and development

Taxes receivable are related to research and development credits and are based on estimated expenditures spent on research and development before the detailed claim is calculated. Taxes receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.3 Use of management estimates, judgments and measurement uncertainty (continued)

Income taxes

Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the asset and liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the consolidated statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

2.4 Adoption of new and revised standards and interpretations

Adoption of New Standards

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of the amendment did not have an impact on the Company’s financial statements.
- IAS 38 - Intangible Assets (“IAS 38”) and IAS 16 – Property, Plant and Equipment (“IAS 16”), were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of the amendment did not have an impact on the Company’s financial statements.

New standards and interpretations to be adopted in future periods

- IFRS 9 – *Financial Instruments* (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristic of their cash flows. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.4 Adoption of new and revised standards and interpretations (continued)

- IFRS 15 *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. The Company intends to adopt the standard on its effective date and has not yet determined the impact on its financial statements.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserve accounts, and accumulated deficit which at March 31, 2016 totaled \$1,535,358 (December 31, 2015 - \$1,993,899).

Data Deposit Box manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operations. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three month period ended March 31, 2016.

The Company is subject to various covenants on its demand loan, including current ratio, fixed charge coverage ratio and debt ratios. See note 20 for details.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

4. FAIR VALUE AND FINANCIAL RISK FACTORS

Fair value of financial instruments

The Company has designated its cash and cash equivalents as FVTPL which are measured at fair value. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as a Level one measurement in the following hierarchy:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.
- Level Three includes inputs that are not based on observable market data.

As at March 31, 2016, and December 31, 2015, the carrying and fair value amounts of the Company's receivables and trade and other payables are approximately equivalent. The fair value of the Company's promissory note approximates its carrying value as the interest rate of prime plus 2% is commensurate with estimated borrowing rates for loans with similar terms and conditions.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and promissory note receivable. Cash and cash equivalents consist of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to financial instruments included in cash and cash equivalents, accounts receivable and promissory note receivable is minimal. The Company's maximum exposure to credit risk as at March 31, 2016 and December 31, 2015 is the carrying value of receivables and the promissory note receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2016, the Company had current assets of \$787,352 (December 31, 2015 - \$1,493,452) to settle current liabilities of \$1,869,576 (December 31, 2015 - \$2,309,214) resulting in a working capital deficiency of \$1,082,224 (December 31, 2015 - \$815,762 working capital deficiency). The Company manages liquidity risk through regular monitoring of forecasted and actual cash flows (see note 1).

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015

(Expressed in Canadian dollars)

4. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and the prices of commodities and equities.

Interest rate risk

The Company has cash and cash equivalents balances and interest-bearing debt. The Company's current policy is to invest excess cash in short-term guaranteed investment certificates issued by banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its investments. As at March 31, 2016, the Company had cash and cash equivalents of \$608,968 (December 31, 2015 - \$1,150,068). Interest rate risk on the promissory notes is not considered significant as at March 31, 2016 and December 31, 2015.

Foreign currency risk

The Company's activities are conducted in Canada and the USA. Major purchases are transacted in Canadian and US dollars. Administrative expenditures and cash and cash equivalents balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk. The Company mitigates the risk of foreign currency fluctuations by converting Canadian currency to US dollars when required to fund expenditures.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the next 12-month period:

- (i) Interest rate risk is limited to cash and cash equivalents balances, primarily held in Canadian and US dollars in Canada.
- (ii) The Company's holds financial assets and liabilities in US dollars that give rise to foreign exchange risk. If the US dollar rose or fell in relation to the Canadian dollar by 5% with all other variables held constant, net loss for the three month period ended March 31, 2016 would have been less than \$3,000 higher/lower.

5. CASH AND CASH EQUIVALENTS

The balance at March 31, 2016 consists of cash on deposit with major Canadian and US banks in general interest bearing accounts totaling \$383,968 (December 31, 2015 - \$550,068) and cash held in trust with the Company's lawyer of \$225,000 (December 31, 2015 - \$600,000) for total cash and cash equivalents of \$608,968 (December 31, 2015 - \$1,150,068).

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

6. ACCOUNTS RECEIVABLE

The Company's accounts receivable arise from amounts due from customers and are outstanding as follows:

	As at,	
	March 31,	December 31,
	2016	2015
	\$	\$
1 – 30 days	18,232	41,033
30 – 60 days	21,197	32,390
60 – 90 days	17,656	51,908
Over 90 days	17,290	6,858
Total accounts receivable	74,375	132,189

At March 31, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4. The Company holds no collateral for any receivable amounts outstanding as at March 31, 2016 and December 31, 2015.

As at March 31, 2016 receivables past due but not impaired are \$34,946 (December 31, 2015 - \$58,766).

7. TAXES RECEIVABLE

The Company's taxes receivable is comprised of harmonized sales tax ("HST") due from the Canadian government.

At March 31, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4. The Company holds no collateral for any receivable amounts outstanding as at March 31, 2016 and December 31, 2015.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Computer Servers	Computer Hardware	Computer Leases	Office Furniture & Equipment	Total
	\$	\$	\$	\$	\$
Cost					
As at December 31, 2014	388,377	741,626	5,588,969	36,481	6,755,453
Additions	172,920	47,488	-	-	220,408
Disposals	-	-	-	-	-
As at December 31, 2015	561,297	789,114	5,588,969	36,481	6,975,861
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2016	561,297	789,114	5,588,969	36,481	6,975,861
Accumulated depreciation					
As at December 31, 2014	281,585	632,559	2,802,383	26,787	3,743,314
Additions	45,867	31,542	570,620	2,003	650,032
Disposals	-	-	-	-	-
As at December 31, 2015	327,452	664,101	3,373,003	28,790	4,393,346
Additions	14,511	7,301	114,124	296	136,232
Disposals	-	-	-	-	-
As at March 31, 2016	341,963	671,402	3,487,127	29,086	4,529,578
Net Book Value					
As at December 31, 2014	106,792	134,072	2,786,586	14,689	3,012,139
As at December 31, 2015	233,845	150,018	2,215,966	12,686	2,582,515
As at March 31, 2016	219,334	117,712	2,101,842	7,395	2,446,283

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

9. INTANGIBLE ASSETS

	Software \$	Trademarks & Patents \$	Acquired Software \$	Website \$	Total \$
Cost					
As at December 31, 2014	1,127,855	55,310	1,500,000	78,433	2,761,598
Additions	102,735	-	-	-	102,735
Disposals	-	-	-	-	-
As at December 31, 2015	1,230,590	55,310	1,500,000	78,433	2,864,333
Additions	-	-	-	2,921	2,921
Disposals	-	-	-	-	-
As at March 31, 2016	1,230,590	55,310	1,500,000	81,354	2,867,254
Accumulated depreciation					
As at December 31, 2014	820,505	41,910	1,127,159	70,921	2,060,495
Additions	140,691	6,803	283,285	2,254	433,033
Disposals	-	-	-	-	-
As at December 31, 2015	961,196	48,713	1,410,444	73,175	2,493,528
Additions	20,317	1,701	70,107	393	92,518
Disposals	-	-	-	-	-
As at March 31, 2016	981,513	50,414	1,480,551	73,568	2,586,046
Net Book Value					
As at December 31, 2014	307,350	13,400	342,841	7,512	701,103
As at December 31, 2015	269,394	6,597	59,556	5,258	370,805
As at March 31, 2016	249,077	4,896	19,449	7,786	281,208

10. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to property and equipment and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is approximately 30 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	March 31, 2016 \$	December 31, 2015 \$
Less than 1 month	361,017	495,234
1 - 3 months	76,170	29,875
Over 3 months	287,283	433,531
Total trade and other payables	724,470	958,640

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015

(Expressed in Canadian dollars)

11. RELATED PARTIES AND KEY MANAGEMENT

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	Three month ended March 31, 2016	Three months ended March 31, 2015
Balances:		
Short-term employee benefits	\$ 179,000	\$ 207,000
Share-based payments - options	-	332,000
Total compensation to key management	\$ 179,000	\$ 539,000

At March 31, 2016, included in trade and other payables is \$319,000 (December 31, 2015 - \$347,000) due to key management personnel with no specific terms of repayment.

12. REVERSE TAKEOVER TRANSACTION

On March 18, 2015 the Company completed an amalgamation with Acpana and 2441043 Ontario Inc. ("2441043") whereby each shareholder of Acpana and 2441043 received a common share of Data Deposit Box Inc. (the "Amalgamation"). The Transaction resulted in Acpana and 2441043 becoming wholly-owned subsidiaries of Data Deposit Box.

The transaction has been accounted for as a reverse acquisition in accordance with guidance provided in IFRS 2 "Share-based Payments". As Data Deposit Box did not qualify as a business according to the definition in IFRS 3 "Business Combinations", this reverse acquisition transaction does not constitute a business combination; rather, it is equivalent to the issuance of shares by the non-public operating entity, Acpana, for the net assets and the listing status of the non-operating public company, Data Deposit Box. As a result, the Transaction is accounted for as a capital transaction, with Acpana being identified as the accounting acquirer and the equity consideration provided by Acpana being measured at fair value. The fair value of the shares issued was determined based on the fair value of the common shares issued by 2441043 as part of private placements to fund the continuing entity that were completed by 2441043 prior to the reverse takeover. The resulting consolidated statement of financial position was presented as a continuance of Acpana's operations and the comparative figures presented before the Transaction are those of Acpana. The results of operations, the cash flows, and the assets and liabilities of 2441043 and Data Deposit Box have been included in these consolidated financial statements since March 18, 2015, the Transaction date.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

12. REVERSE TAKEOVER TRANSACTION (continued)

Immediately prior to the Transaction each common share of Acpana was subdivided on a six for one basis. The resulting 12,021,898 common shares owned by the shareholders of Data Deposit Box and 2441043 as at the Transaction Date and the resulting 11,993,858 warrants to purchase common shares were considered a deemed issue of common shares and warrants by Acpana to acquire the net assets of Data Deposit Box and 2441043. In accordance with IFRS 2, the excess of the fair value of the common shares issued by Acpana over the value of the net assets of Data Deposit Box and 2441043 was recognized in the consolidated statements of loss and comprehensive loss, as listing costs.

Each of the stock options and warrants to purchase common shares of Acpana and 2441043 were exchanged and retain all original terms but are now exercisable for one common share of the Company. After closing of the Transaction, the name of the Company was changed to Data Deposit Box Inc.

Consideration:

12,021,898 shares (Note 13(ii))	\$	2,765,037
11,993,858 warrants (Note 16)		785,000
Total consideration		3,550,037

Net assets acquired:

Cash and cash equivalents	\$	2,037,794
Accounts receivable		114,847
Prepaid expenses		91,500
Accounts payable and accrued liabilities		(308,965)
		1,935,176
Excess attributed to cost of listing		1,614,861
Total	\$	3,550,037

Listing costs:

Excess attributed to cost of listing	\$	1,614,861
Professional fees and other		212,487
	\$	1,827,348

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

13. SHARE CAPITAL

The following details the share capital of Data Deposit Box:

	Number of Shares	Amount \$
Balance – January 1, 2015	2,754,068	3,565,115
Share split 6:1 (i)	13,770,340	-
Balance – March 18, 2015	16,524,408	3,565,115
Issued pursuant to private placement of 1,875,000 units (iii)	1,875,000	375,000
Warrants issued (note 16)	-	(132,000)
Share issue costs (iii)	-	(10,000)
Shares issued on reverse takeover transaction (ii)	12,021,898	2,765,037
Exercise of warrants	365,000	102,900
Reserve transferred on exercise of warrants	-	213,155
Balance – December 31, 2015	30,786,306	6,879,207
Issued pursuant to private placement of 1,005,000 units (iv)	1,005,000	201,000
Warrants issued (note 16)	-	(66,000)
Broker warrants issued (note 16)	-	(2,000)
Share issue costs (iv)	-	(13,000)
Balance – March 31, 2016	31,791,306	6,999,207

- (i) On March 18, 2015, immediately prior to the Amalgamation each common share of Acpana was subdivided on a six for one basis.
- (ii) On March 18, 2015, as part of the reverse takeover transaction (note 12) the Company notionally issued 12,021,898 common shares to former Data Deposit Box and 2441043 shareholders. The fair value of \$2,765,037 was assigned to the common shares based on the fair value attributed to the shares issued in the private placements completed by 2441043 prior to the amalgamation as part of funding of the newly amalgamated company.
- (iii) On December 31, 2015, the Company closed the first tranche of a non-brokered private placement (the “Offering”) of an aggregate of 1,875,000 units at \$0.20 per unit for gross proceeds of \$375,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant, with each warrant exercisable into one common share at an exercise price of \$0.30 per share until December 31, 2016. Should the closing price at which the Common Shares trade on the Canadian Securities Exchange (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed \$0.35 for 10 consecutive trading days at any time following the date that is four months and one day after the date of issuance, the Company may accelerate the Warrant Term (“Reduced Warrant Term”) such that the Warrants shall expire on the date which is 30 calendar days following the date a press release is issued by the Company announcing the Reduced Warrant Term.

In connection with the financing, the Company incurred legal fees of \$10,000.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

(iv) On February 5, 2016, the Company completed the second and final tranche of the Offering raising additional gross proceeds of \$201,000 through the issuance of 1,005,000 units. Each unit consists of one common share in the capital of the Company and one common share purchase. Each Warrant entitles the holder thereof to purchase one common share at a price of \$0.30 per common share until February 6, 2018. Should the closing price at which the common shares trade on the Canadian Securities Exchange (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed \$0.35 for 10 consecutive trading days at any time following the date that is four months and one day after the date of issuance, the Company may accelerate the Warrant Term (“Reduced Warrant Term”) such that the Warrants shall expire on the date which is 30 calendar days following the date a press release is issued by the Company announcing the Reduced Warrant Term.

In connection with the financing, the Company issued an aggregate of 40,000 broker warrants to finders, each broker warrant entitling the holder to acquire one common shares at a price of \$0.20 until February 6, 2017, subject to the Reduced Warrant Term.

14. STOCK OPTIONS

The Company has a stock option plan (the “Plan”) under which the Company may grant options to directors, officers, employees and consultants. The maximum number of common shares reserved for issue under the Plan at any point in time may not exceed 20% of the number of shares issued and outstanding. The purpose of the Plan is to attract, retain and motivate directors, officers, employees, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. Options granted under the Plan are non-assignable and vest over various terms up to 3 years from the date of grant. As at March 31, 2016, the Company had 1,308,261 (December 31, 2015 – 1,107,261) options available for issuance under the Plan.

The continuity of outstanding stock options for the three month period ended March 31, 2016 and year ended December 31, 2015 is as follows:

	Number of stock options	Weighted average exercise price per share \$
Balance – December 31, 2014	325,000	4.67
Granted	5,250,000	0.31
Expired/Cancelled	(525,000)	3.08
Balance – December 31, 2015 and March 31, 2016	5,050,000	0.30

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

14. STOCK OPTIONS (continued)

Share-based payments:

Three month period ended March 31, 2016

No stock options were granted during the three month period ended March 31, 2016.

Vesting of options issued during the year ended December 31, 2015 resulted in share-based payment expense of \$39,000 being recognized for the three month period ended March 31, 2016.

Year ended December 31, 2015

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the stock options issued during the year ended December 31, 2015:

Grant date	March 27, 2015	March 27, 2015	March 27, 2015	Total
No. of options	2,870,000	200,000	2,180,000	5,250,000
Exercise price	\$ 0.30	\$ 0.50	\$ 0.30	
Expected life in years	5	5	5	
Volatility	100%	100%	100%	
Risk-free interest rate	0.79%	0.79%	0.79%	
Dividend yield	-	-	-	
Vesting	immediately	immediately	10% immediately, and 15% every 6 months thereafter	
Fair value of options granted	\$ 466,000	\$ 29,000	\$ 354,000	\$ 849,000
Share-based payments recognized in profit or loss	\$ 466,000	\$ 29,000	\$ 206,000	\$ 701,000

Volatility was estimated based on comparable companies.

The weighted average grant date fair value of options granted during the three month period ended March 31, 2016 was \$nil (Year ended December 31, 2015 - \$0.16) per option issued.

The following table provides additional information about outstanding stock options at December 31, 2015:

No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
5,050,000	3.99	\$ 0.30	3,942,000	\$ 0.30

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

15. RESERVE FOR SHARE-BASED PAYMENTS

A summary of the changes in the Company's reserve for share-based payments for the three month period ended March 31, 2016 and year ended December 31, 2015 is set out below:

	Amount
	\$
Balance – December 31, 2014	985,525
Share-based payments	701,000
Balance – December 31, 2015	1,686,525
Share-based payments	39,000
Balance – March 31, 2016	1,725,525

16. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the three month period ended March 31, 2016 and December 31, 2015:

	Number of	Amount
	Warrants	\$
Balance – December 31, 2014	898,818	621,000
Compensation warrants issued on reverse takeover transaction (i)	11,993,858	785,000
Share purchase warrants issued pursuant to private placement (ii)	1,875,000	132,000
Exercise of warrants	(365,000)	(213,155)
Balance – December 31, 2015	14,402,676	1,324,845
Share purchase warrants issued pursuant to private placement (iii)	1,005,000	66,000
Share purchase warrants issued pursuant to private placement (iv)	40,000	2,000
Balance – March 31, 2016	15,447,676	1,392,845

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015

(Expressed in Canadian dollars)

16. RESERVE FOR WARRANTS (continued)

- (i) As part of the reverse takeover transaction as described in note 12, the Company valued 11,993,858 warrants which were deemed issued on acquisition.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the warrants issued on acquisition:

	Warrants	Warrants	Broker Warrants	Broker Warrants	Total
No. of warrants	9,502,898	1,500,000	495,480	495,480	11,993,858
Exercise price	\$ 0.50	\$ 0.30	\$ 0.30	\$ 0.50	
Expected life in years	1.5	1.5	1.5	1.5	
Volatility	100%	100%	100%	100%	
Risk-free interest rate	0.48%	0.48%	0.48%	0.48%	
Dividend yield	-	-	-	-	
Fair value of warrants	\$ 575,000	\$ 135,000	\$ 45,000	\$ 30,000	\$ 785,000

- (ii) The share purchase warrants issued pursuant to the private placement on December 31, 2015 are described in Note 13(iii) above and have a fair value of \$132,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	0.48%	Expected volatility	100%
Dividend yield	nil	Expected life-units	1 year

- (iii) The share purchase warrants issued pursuant to the private placement on February 5, 2016 are described in Note 13(iv) above and have a fair value of \$66,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	0.38%	Expected volatility	100%
Dividend yield	nil	Expected life-units	2 year

- (iv) The broker warrants issued pursuant to the private placement on February 5, 2016 are described in Note 13(iv) above and have a fair value of \$2,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	0.38%	Expected volatility	100%
Dividend yield	nil	Expected life-units	1 year

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

16. RESERVE FOR WARRANTS (continued)

As at March 31, 2016, warrants to purchase common shares carry exercise prices and terms to maturity as follows:

	Exercise price	Number of outstanding exercisable warrants	Expiry date
	\$		
Warrants	0.30	1,005,000	February 5, 2018
Broker Warrants	0.20	40,000	February 5, 2017
Warrants	0.30	1,875,000	December 31, 2016
Warrants	0.28	598,818	December 2, 2016
Warrants	0.50	9,542,898	September 18, 2016
Warrants	0.30	1,475,000	September 18, 2016
Broker Warrants*	0.30	455,480	September 18, 2016
Broker Warrants**	0.50	455,480	September 18, 2016
Total		15,447,676	

* These are broker warrants which are issuable for one common share and one purchase share warrant

** To be issued upon exercise of broker warrants

17. COMMITMENTS AND CONTINGENCIES

In addition to the capital lease payments as described in note 19, as at March 31, 2016 the Company has future minimum lease payments for office premises of \$77,735 (December 31, 2015 - \$46,373).

18. PRODUCT DEVELOPMENT COSTS

Costs associated with the development of new products and processes are expensed as incurred unless capitalization is required under IAS 38. The related investment tax credits reduce the costs to which they are associated, salaries and wages, in the years these credits are recorded in the consolidated statement of loss and comprehensive loss. The Company has \$170,000 (2015 - \$170,000) of unused investment tax credits available for use in future years; these investment tax credits have not been recognized on the consolidated statement of financial position as the Company utilizes the taxes payable method.

	As at,	
	March 31, 2016	December 31, 2015
	\$	\$
Investment tax credits receivable	38,226	74,026

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

19. FINANCE LEASE OBLIGATIONS

The Company leases certain computer hardware under finance leases. The future minimum lease payments under finance leases as at March 31, 2016 and December 31, 2015 are as follows:

	March 31,	2016	December 31,	2015
Total minimum lease payments	\$	315,126	\$	385,310
Less: amount representing interest		(13,450)		(18,192)
Finance lease obligation		301,676		367,118
Less: current portion		(191,767)		(223,459)
	\$	109,909	\$	143,659

As at March 31, 2016, future minimum lease payments by year, and in the aggregate, are as follows:

2016	166,927
2017	142,328
2018	5,871
Totals	<u>\$ 315,126</u>

The finance leases are for computer hardware and are issued at a rate of interest of between 2.25% and 5.50% and mature between 2016 and 2018. During the three month period ended March 31, 2016, \$18,793 (2016 - \$31,202) of interest from finance leases was charged to operations.

20. DEMAND LOAN

The Bank of Montreal debt includes a demand loan for \$1.2 million to be amortized over 36 months with interest at prime + 3.0%. In addition, there is an operating demand loan which bears interest at prime + 2.5%, from which \$nil has been drawn down as at March 31, 2016 (December 31, 2015 - \$nil). Both of these loan facilities are 50% secured under the EDC Export Guarantee Program and also by a General Security Agreement. As at March 31, 2016, the outstanding balance on the demand loan amounts to \$866,667 (December 31, 2015 - \$966,667).

The demand loan is secured by a general security agreement, assigning security interest in all or any property of the Company owned or subsequently acquired.

Under the terms of the facility letter (the “facility letter”) governing the loans from the Lender, the Company’s EBITDA is required to be more than 2.50 times the senior funded debt or 3 times the total funded debt. The Company must also maintain a *current ratio* (current assets (excluding future income tax, amounts due from shareholders / directors / officers / connected or related companies and intangibles, all as determined by the Lender) divided by current assets) of at least 1.25:1 and a *fixed charge coverage ratio* (“cash flow available for debt servicing” (as defined below) divided by the aggregate of fixed principal repayments and cash interest expenses payable in respect of the total funded debt) of at least 1.06:1 as at the interim financial periods ended June 30 and September 30 2015, and at least 1.25:1 as at the financial year ended December 31, 2015. “Cash flow available for debt financing” is defined in the facility letter as EBITDA less cash taxes paid or payable in that period, less unfunded capex, less unfunded share repurchase and less dividends paid less capitalized research and development, plus any non-cash share based payments.

Data Deposit Box Inc. (formerly Coltrane Technologies Inc.)
Notes to the Unaudited Interim Consolidated Financial Statements for the Three
Month Periods Ended March 31, 2016 and 2015
(Expressed in Canadian dollars)

20. DEMAND LOAN (continued)

The definition of EBITDA in facility letter carves out any extraordinary or unusual non-recurring items (to be agreed upon by the Lender for the applicable period).

As at March 31, 2016 and December 31, 2015, the Company was not in compliance with the ratios and has commenced discussions with the Lender on how the shortfalls will be rectified.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current years' presentation. These reclassifications did not affect prior years' net losses.

22. EVENTS AFTER THE REPORTING PERIOD

On May 20, 2015, the Company announced a non-brokered private placement financing of up to 4,000,000 units at a price of \$0.20 per unit for gross proceeds of up to \$800,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, entitling the holder thereof to purchase one common share at a price of \$0.25 per common share for a period of twelve months from the date of issuance. The Company has completed the first tranche issuing 1,709,999 Units raising gross proceeds of \$342,000.

Pursuant to the closing of the first tranche, certain eligible persons were paid a cash commission equal to 8% of the proceeds raised from subscribers introduced to the Company by such finder and also issued an aggregate of 116,799 warrants, entitling the holder to acquire one common share at a price of \$0.20 for a period of one year from the date of issuance.