

## FORM 7

### MONTHLY PROGRESS REPORT

Name of CNSX Issuer: UpSnap, Inc. (the "Issuer", the "Company" or "UpSnap")

Trading Symbol: UP

Number of Outstanding Listed Securities: 267,640,941

Date: April 29, 2019, for the period ending October 31, 2018

#### **Report on Business**

- 1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.**

UpSnap provides highly-targeted mobile advertising 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 mobile advertising campaign to align with unique business goals, delivering advertisements to the right customers for more meaningful exposure and better business results.

UpSnap offers its mobile advertising services to national brands on a campaign basis. UpSnap offers its mobile advertising services to small businesses on a subscription basis. Small business advertisers 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.

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 addition to its advertising services, UpSnap provides software and services that allow customers to perform voice and data searches on proprietary business directories.

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.

- 2. Provide a general overview and discussion of the activities of management.**

UpSnap continues to invest in developing new advertising products like its recently launched Intentional Direct Mail platform. Management is focused on growing IDM sales through both reseller and direct channels, as well as on continuing development

of both new and existing products. There were no significant developments during the month.

Management continues to focus on profitably increasing mobile advertising revenue. Mobile advertising revenue generally comes from two sources: local subscription based campaigns and large or national campaigns.

UpSnap's subscription based product provides small businesses with locally targeted mobile ads that are associated with a strong call to action in return for a monthly fee. UpSnap sells these local ads primarily through a reseller network. In recent months UpSnap's management focus has been on adding new resellers and working with existing resellers to accelerate subscriber growth. There were no significant developments during the month.

Increasing revenue from national campaigns requires establishing long-term relationships with advertisers or their agencies. UpSnap markets to the advertisers and agencies directly through a dedicated sales force. In recent months management has worked at increasing the size and quality of the sales force. There were no significant developments during the month.

In order to earn mobile advertising revenue, UpSnap must source mobile publishers who have places to insert advertisements. UpSnap establishes long-term relationships with publishers as well as with mobile advertising exchanges and mobile RTB networks through a dedicated business development team. There were no significant developments during the month.

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. Describe and provide details of any new products or services developed or offered.**

Nothing material to report.

**4. Describe and provide details of any products or services that were discontinued.**

Nothing material to report.

**5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.**

Nothing material to report.

6. **Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.**

Nothing material to report.

7. **Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.**

Nothing material to report.

8. **Describe the acquisition of new customers or loss of customers.**

Nothing material to report.

9. **Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.**

Nothing to report.

10. **Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.**

Nothing material to report.

11. **Report on any labour disputes and resolutions of those disputes if applicable.**

Nothing to report.

12. **Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.**

Nothing to report.

13. **Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.**

On June 20, 2017, the Company issued a debenture for gross proceeds of \$200k (the "June 2018 Debenture") to User Friendly Media, a related party. The debenture bore interest at a rate of 13.5% per annum and was scheduled to mature on June 20, 2018. The Company and lender agreed to extend the maturity to October 1, 2018. Interest was payable quarterly and interest payments were made in common shares rather than cash.

On October 2, 2018, the Company and lender agreed to settle the \$200k principal amount of the June 2018 Debenture, accrued interest totalling \$7k, and a portion of

its trade payable balance owed to User Friendly Media totalling \$593k by issuing a new \$800 debenture with a fair value of \$729k (the "September 2020 Debenture"). The debenture bears interest at a rate of 13.5% per annum and matures on September 30, 2020. The Company assessed the fair value of the September 2020 Debenture of \$729k on the date of issue on the assumption that the market rate of interest for non-related party debt would be 20%. The effective rate of interest on the debt is 17.9%. The debenture contains an anti-dilution clause which allows User Friendly Media to convert all of the principal with accrued and unpaid interest, or the amount that would maintain the current proportional equity ownership prior to a dilution event. The number of shares will be calculated using the volume weighted average price of common shares for five consecutive trading days immediately preceding the dilution event.

**14. Provide details of any securities issued and options or warrants granted.**

Nothing to report.

**15. Provide details of any loans to or by Related Persons.**

Nothing to report.

**16. Provide details of any changes in directors, officers or committee members.**

Nothing to report.

**17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.**

UpSnap is positioned at the intersection of two fast growing trends in the technology industry, being the widespread adoption of smartphones and mobile apps and the rapid growth of mobile advertising.

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.

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## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: April 29, 2019

Alex Pekurar  
Name of Director or Senior Officer

/s/ "Alex Pekurar"  
Signature

CFO  
Official Capacity

<b>Issuer Details</b>		
Name of Issuer <b>UpSnap, Inc.</b>	For Month End <b>October 2018</b>	Date of Report <b>2019/04/29</b>
Issuer Address <b>100 Consilium Place, Suite 200</b>		
City/Province/Postal Code <b>Toronto, Ontario M1H 3E3</b>	Issuer Fax No. <b>(281) 465-5428</b>	Issuer Telephone No. <b>(844) 487-7627</b>
Contact Name <b>Alex Pekurar</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>(416) 996-7466</b>
Contact Email Address <b>apekurar@upsnap.com</b>	Web Site Address <b><a href="http://www.upsnap.com">www.upsnap.com</a></b>	