# FORM 7

**MONTHLY PROGRESS REPORT**

Name of CSE Issuer: Velocity Data Inc. (the “Issuer”). Trading Symbol: VCT

Number of Outstanding Listed Securities: 113,428,966

Date: June 1, 2017

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CSE Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CSE Policies. The discussion in this report must be factual, balanced and non-promotional.

## General Instructions

1. Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

## 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.

*The Issuer continued its business of selling various technology products to existing and new customers.*

*The company lists a ‘going concern’ disclosure annually, as required by audit rules when it’s working capital as of the audit date is not sufficient positive, or current assets are less than current liabilities. 90% of small companies list this disclosure and most of them continue operating beyond the 1 year period. In fact Velocity has listed that disclosure for 6 years, since its inception in 2011.*

1. Provide a general overview and discussion of the activities of management.

*Management continued to oversee selling and the continued development of new customer accounts.*

1. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

*N/A*

1. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

*N/A*

1. 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-agreements in the ordinary course of business only*

1. 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.

*n/a*

1. 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.

*N/A*

1. Describe the acquisition of new customers or loss of customers.

*Some new customers were added in the normal course of business. Several large customers were lost, at least temporarily.*

1. 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.

*N/A*

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

*See #12*

*Also, this is a disclosure regarding salaries as it pertains to the October 31 2015 annual financial statements. At that time these were comparable companies CEO/CFO salaries.*



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

*N/A*

1. 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.

The Company recently incurred a significant loss as a result of fake orders (in the approximate amount of $470,000) incurred by a customer that was purporting to be an authorized purchasing agent of DLA (Defense Logistics Agency, a part of the United States military). The company was alerted to this matter by law enforcement and we have been advised that the transactions involving the company were only a very small part of a much larger and highly sophisticated operation.

The Company believes that the shipper of the products (Fedex) and DLA have been negligent in the manner in which they handled the fake orders. Therefore, the Company has filed a lawsuit against the DLA in Federal Court in California and filed an SF 95 Claim with DLA. We have not received a response to the claim so have initiated suit.

The Company has significantly tightened security procedures relating to how it accepts orders from its customers, however, such procedures cannot be 100% effective.

The Company has extremely low gross margins and this situation has caused the material drop in the company’s working capital so it is expected to significantly negatively impact the company’s revenue. The Company significantly reduced its number of employees and is attempting to restructure its trade and institutional debt.

The company has faced additional challenges in that the former employees have ‘taken’ most of the customers with them and the prior lender tried to gouge the company for a $300,000 termination fee, even though the lender asked the company to be replaced. Both parties have been sued.

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

*The company has an ongoing credit facility with a financing company.*

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

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| **Security** | **Number Issued** | **Details of Issuance** | **Use of Proceeds(1)** |
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* 1. *State aggregate proceeds and intended allocation of proceeds.*

1. Provide details of any loans to or by Related Persons.

*N/A*

1. Provide details of any changes in directors, officers or committee members.
2. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

*N/A*

## 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 CSE 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 CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: June 1, 2017 .

Bob Bates Name of Director or Senior Officer

/s/ *Bob Bates*

Signature

Chief Financial Officer Official Capacity

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| ***Issuer Details***  Name of Issuer  Velocity Data Inc. | For Month End  May 2017 | Date of Report YY/MM/D 17/6/1 | |
| Issuer Address 1285 W. Broadway #600 1000#1000 | | | |
| City/Province/Postal Code #600 Vancover, BC Canada V6H 3X8 | Issuer Fax No. 617-208-2968 | | Issuer Telephone No. 778-371-3479 |
| Contact Name Bob Bates | Contact Position CFO | | Contact Telephone No. 778-371-3479 |
| Contact Email Address [bob@s7group.com](mailto:%20bob@s7group.com) | Web Site Address vit.technology | | |