QWICK MEDIA INC.

FORM 2A

LISTING STATEMENT

MARCH 10, 2015

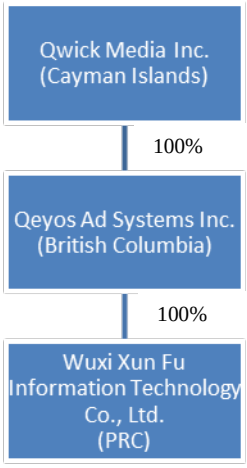
1. Table of Contents

2. Corporate Structure

2.1 This Form 2A is filed with respect to Qwick Media Inc. (the "**Corporation**", "**we**", "**us**" or "**our**") in connection with its listing of its shares of common stock (each, a "**Share**") on the Canadian Securities Exchange (the "**CSE**"). The Corporation's head office is located at 8652 Commerce Court, Burnaby, British Columbia Canada V5A 4N6. The Corporation's registered office is located at 89 Nexus Way, Camana Bay, George Town, Grand Cayman, Cayman Islands KY1-9007. All dollar amounts referenced herein are shown in United States dollars, unless otherwise indicated.

2.2 The Corporation was incorporated on October 5, 2000 under the laws of the State of Nevada under the name "Tuscany Minerals, Ltd.". Effective June 26, 2006, the Corporation re-domiciled from the State of Nevada to the State of Washington. On July 7, 2009, the Corporation merged with and into its wholly-owned subsidiary, Tuscany Minerals Ltd., a Wyoming company, with the surviving company being Tuscany Minerals Ltd., a Wyoming company. As a result of this transaction, the Corporation re-domiciled from the State of Washington to the State of Wyoming, and the Corporation's bylaws were amended in accordance with the Wyoming Business Corporation Act. Effective July 28, 2009, the Registrar of Companies of the Cayman Islands approved the Corporation's application for continuance to the Cayman Islands, and the Corporation adopted a new memorandum of association and articles of association in substitution of its then existing constating documents. As a result of the continuation, the Corporation became a "foreign private issuer" as defined in Rule 3b-4(c) promulgated under the United States *Securities Exchange Act of* 1934, as amended (the "**1934 Act**"). On June 22, 2010, the Corporation changed its name to "Qwick Media Inc." with the Registrar of Companies of the Cayman Islands. On July 15, 2010, the Financial Industry Regulatory Authority ("**FINRA**") confirmed the name change of the Corporation from "Tuscany Minerals Ltd." to "Qwick Media Inc." under the symbol "TUSMF". On March 15, 2011, FINRA approved the change in the Corporation's symbol from "TUSMF" to "QWIKF".

2.3 The following diagram illustrates the intercorporate relationships among the Corporation and its subsidiaries, Qeyos and Wuxi, as well as the jurisdictions under which each of such entities is incorporated, continued, formed or organized. The Corporation, directly and indirectly, beneficially owns all of the voting securities of each of Qeyos and Wuzi.



On January 28, 2011, the Corporation completed the acquisition of Qeyos, pursuant to which the Corporation acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 Shares to such shareholders, on

the basis of one Share for each share of Qeyos. The acquisition was accounted for as a common control transaction at historical values as Ross Tocher, the Corporation's CEO and controlling shareholder, was also the CEO and controlling shareholder of Qeyos.

On April 19, 2011, Qeyos incorporated Wuxi under the laws of the PRC as a wholly-owned foreign subsidiary of Qeyos, in order to facilitate the conduct of the Corporation's operations in the PRC. All of the voting securities of Wuxi are held by Qeyos

2.4 Not applicable.

2.5 Although the Corporation exists under the laws of the Cayman Islands, it is a reporting issuer in Canada and subject to reporting requirements as a "foreign private issuer" under the federal securities laws of the United States of America, and, therefore, is subject to corporate governance principles applicable to issuers in such jurisdictions. As such, the corporate governance principles to which it is subject are not materially different from Canadian corporate legislation.

3. General Development of the Business

3.1 Until January 28, 2011, the Corporation was an exploration stage company that had not yet generated or realized any revenue from its operations and did not own any property interests.

On January 28, 2011, the Corporation completed the acquisition of Qeyos pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 Shares, on the basis of one Share for each share of Qeyos. Concurrently, the Corporation completed a private placement of 10,000,000 Shares at a price of $0.20 per Share for aggregate gross proceeds of $2,000,000 and issued 637,140 Shares at a deemed price of $0.20 per Share in settlement of $127,428 in outstanding debt. The Corporation used the net proceeds from the private placement to fund further capital fund raising and for other general corporate purposes.

In May 2011, the Corporation completed a private placement of 3,010,000 Shares at a price of $0.20 per Share for gross proceeds of $602,000, and issued 1,378,915 Shares in settlement of outstanding debt in the amount of $275,783.

On August 5, 2011, the Corporation issued a $1,000,000 secured convertible debenture to R.J. Tocher Holdings Ltd., a company owned by Ross Tocher, our President and CEO. The debenture has a maturity date of July 30, 2015 and bears interest at the rate of 10% per annum. Principal and accrued interest on the debenture were to be convertible at any time into Shares at a deemed conversion price of: (i) $0.60 per Share until July 30, 2012 (expired); (ii) $1.00 per Share between July 31, 2012 and July 30, 2013; and (iii) $1.50 per Share between July 31, 2013 and the maturity date. In November 2011, the Corporation amended the terms of the debenture to allow for the conversion of the principal amount of the debenture, and accrued interest thereon, into Class A Shares (as defined below) rather than Shares. Immediately upon the effectiveness of the amendment, R.J. Tocher Holdings Ltd. determined to convert the principal amount of the debenture, and accrued interest thereon, into an aggregate of 1,027,945 Class A Shares, at a conversion price of $1.00 per Class A Share.

Effective November 15, 2011, the Corporation created one series of the one hundred million (100,000,000) Preferred Shares we are authorized to issue, consisting of twenty-five million (25,000,000) Class A Shares. The Class A Shares carry certain rights and restrictions that include redemption and retraction rights. Each Class A Share may be convertible from time to time into one Share, at the holder's option, at a conversion price of $1.50 per Share until July 31, 2015.

In connection with same, the Corporation announced the completion of a private placement to R.J. Tocher Holdings Ltd., consisting of the issuance of 1,000,000 Class A Shares at a price of $1.00 per Class A Share for gross proceeds of $1,000,000. The gross proceeds of this financing were used for general working capital purposes.

From August 2012 to April 2014, the Corporation was engaged in a proof of software technology pilot program involving a large retailer based in the United States, the terms of which were protected by a mutual non-disclosure contract. While the pilot program was undertaken, the Corporation ceased pursuit of similar business opportunities in the PRC, resulting in a modest reduction of its costs of operations. The Corporation successfully concluded the software technology pilot program in April 2014. Although no agreement was entered into with the retailer upon completion of the pilot program, the Corporation intends to use the results of the pilot program to enter into agreements, or undertake new pilot programs, with other potential end-users of its software. As of the date of this Listing Statement, no such agreements have been entered into.

3.2 The response to Item 3.1 is responsive to this Item 3.2.

3.3 This Listing Statement includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, and therefore are, or may be deemed to be, "forward-looking statements". These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "seeks", "projects", "intends", "plans", "may", "will" or "should", or their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Listing Statement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this Listing Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Listing Statement. Such risks include, but are not limited to: a renewed downturn in international economic conditions; any adverse occurrence with respect to the development or marketing of our technology; any adverse occurrence with respect to any of our licensing agreements; our ability to successfully bring products to market; product development or other initiatives by our competitors; fluctuations in the availability and cost of materials required to produce our products; any adverse occurrence with respect to distribution of our products; potential negative financial impact from claims, lawsuits and other legal proceedings or challenges; and other factors beyond our control. See "Risk Factors" for a complete list of risks relating to an investment in the Corporation. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this Listing Statement.

These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although we base our forward-looking statements on assumptions that we believe were reasonable when made, which include, but are not limited to, assumptions with respect to the Corporation's future growth potential, results of operations, future prospects and opportunities, execution of the Corporation's business strategy, maintaining a stable workforce, there being no material variations in the current tax and regulatory environments, future levels of indebtedness and current economic conditions remaining unchanged, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this Listing Statement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Listing Statement, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements which we make in this Listing Statement speak only as of the date of such statement, and we do not undertake, except as required by applicable law, any obligation to update such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All of the forward-looking statements made in this Listing Statement are qualified by these cautionary statements.

4 Narrative Description of the Business

4.1 Summary

The Corporation is a development stage company engaged in the business of developing interactive proprietary software for digital media applications and integrating it with hardware. The Corporation primarily integrates its proprietary touchscreen software products as user interfaces and content management systems with flat LCD/LED screens, and computer hardware and related peripherals and enclosures provided by third parties, in the expectation of generating recurring fees under end-user licenses. The Corporation's software development business is based in Burnaby, British Columbia, Canada and it conducts operations in the PRC, through its subsidiary, Wuxi, which is based outside of Shanghai. Sales offices are also maintained in Las Vegas, Nevada, USA.

The Corporation's CMS technology can be used to create incremental revenue in the DOOH signage industry. Therefore, its secondary business strategy is to provide its clients with advertising opportunities through self-service interactive digital kiosks, interactive window displays, interactive transit displays and other interactive out-of-home advertising displays, such as digital wallscapes, spectaculars and mall displays that the Corporation plans to operate in North American advertising markets.

The Corporation's touch-screen interactive kiosks and smart boards support mobile Apps and iPhone/smart phone integration, while enabling users to access relevant information such as interactive directories, way-finding, promotion incentives, coupons and other instant, on-demand media.

The principal market for the Corporation's products is North America. The Corporation's CMS technology is intended to support mobile Apps and iPhone/smart phone integration, while

enabling our clients' customers to access relevant information and self-service their needs through interactive directories, way-finding, coupons and other instant, on-demand media. The Corporation focuses its business development on creating opportunities to deploy private channel solutions for large box retailers to empower them to offer private channel digital marketing into high traffic, public spaces; thus, empowering advertisers to target and engage audiences where and when they shop and socialize. The Corporation realized total revenues of $110,553 during the year ended December 31, 2013 and $146,619 during the year ended December 31, 2012 from sales to customers.

Overview of the Business

Production of Interactive Smart Board and Kiosk Products and Support Services

The Corporation primarily integrates its proprietary touchscreen software products as UI and CMS with flat screens, and computer hardware and related peripherals and enclosures provided by third parties, in the expectation of generating recurring fees under end-user licenses. The enterprise level solutions we provide are designed to integrate seamlessly with a customer's IT infrastructure and data and security environments. These solutions are comprised of turn-key software products that include proprietary software, software-embedded hardware, maintenance and support services, content and creative services, installation services and third-party touchscreen displays.

This technology can enable our existing and prospective customers to operate their own private micro-broadcasting networks for delivery of digital, video/audio interactive touch screen content. Nearly four years of product development has now been completed, with systems now being deployed. However, our development work to adapt our content management systems to different potential vertical markets is on-going. We provide a wide range of professional services for our customers and partners, including installation and training, software and hardware maintenance and support, creative content and advertising management.

- *Technology Platform.* Our touch screen software is built in C# and Javascript programming languages to interface other applications, utilizing Microsoft's ".NET" stack on Windows®. We also utilize technologies such as WPF, WCF, XNA and Prism to create a tiered cloud content management system. We have distinguished our product offering from that of our known competitors by focusing on ease of use and scalability in the hands of our customers. The result of such development is the creation of a content syncing engine that enables customers to manage their own data from server to interactive sign. The core platform that we have created is built to be easily extendable and allows addition of Apps dynamically.

- *Product Branding.* QwickView™ is our proprietary digital media player software. QwickView™ hardware is the physical product that acts as a point of service terminal for end users. The hardware consists of a skeleton platform, chassis (outside enclosure) and integrated PC equipment and peripherals. Our proprietary download and content management software is branded Qwick Manager™. The combination of these software products are specifically designed as a comprehensive content management system that can be operated by end users to create and update their own private channel network of both passive digital screens and interactive digital touch screens and kiosks via an intuitive, user-friendly "drag and drop" style of interface.

- *Competitive Advantage.* What makes our software different from that of our known competitors is our customers do not have to be particularly technically sophisticated to use this new technology. Most users will be capable of operating this software system without

needing to rely upon expensive third party programming consultants or computer technicians for system set-up, or when changes to the system broadcast or information updates are desired. Much of the competitive software we have seen in the digital signage world gives end users a set of features restricting how business objectives can be solved within these limited set of features. Once implemented, end users cannot make their own updates or expand their system information to add new information or interactive features. What makes our software unique is that, upon setup of our base software addressing a customer's current business needs, customers may easily add functionality and update information in real time, thereby enabling their private network and interactive digital signage to grow with their further business needs.

Technically, there are no creative boundaries, such as limits imposed by third party software applications, intellectual property bottle-necks, platform stability and external technical support requirements. Our software design process is standardized and documented so new employees can be readily integrated. Our software development architecture team in Burnaby, British Columbia provides technical and creative guidance for coders in Wuxi, China. It is the equivalent of artists working with engineers. Due to time differences, our employees and consultants program in a 24/7 environment. This strategy leverages software production outsourcing, while high execution speed hardware development is presently managed from Burnaby, British Columbia, and outsourced to certain manufacturers in the United States. To the extent our software development business is conducted in China, it is conducted via Wuxi, our indirect wholly-owned subsidiary.

Industry

Digital Signage

We believe the proliferation of digital signage in business and out-of-home environments allows advertisers and companies to engage consumers, employees and targeted audiences more effectively than traditional means. The digital signage industry is comprised of hardware, software and professional services that create solutions for advertising and business to business networks. The deployment of digital signage networks has continued to increase through the recent economic downturn. Frost & Sullivan, in its 2012 *Digital Signage Systems Market* report, estimated that the market for digital signage in 2013 would be approximately $1.5 billion and expects the market to grow from 2013 to 2017 at a compound annual growth rate of 14.0%.

As digital signage systems have evolved, they have become more cost effective and able to provide richer media content. The initial costs of planning and deploying digital signage infrastructure have dropped, reducing a significant barrier to growth. Today's solutions support remote manageability, energy efficiency and the ability to process and blend rich media content. Customers are recognizing the flexibility and cost-effectiveness digital signage can provide compared to other forms of communication.

There are several market drivers that are dramatically impacting the traditional digital signage industry and driving increased utilization of digital signage solutions:

Demand for real-time information—Because of increased technology enablement, both organizations and individual consumers expect information to be more available and timely. Digital signage solutions are increasingly providing organizations with multiple ways of distributing content and data instantly and can provide a richer experience if the operator's screens include interactive touch-screen functionality.

Social/Local/Mobile or "SoLoMo"—Social media, the need for localized information, and the proliferation and capabilities of mobile smart phones and tablets, are increasingly driving social and professional interactions and present an expanded opportunity for growth in the digital signage industry. Digital signage has the ability to leverage social media feeds and present them in an eye-catching manner, delivering a sense of immediacy and engaging viewers on a timely, highly focused basis through constantly refreshed content. When coupled with mobile and proximity technology, digital signage can deliver content to a relevant and specific location at moments of maximum influence and in a timely and personalized experience.

Big Data—Big Data is the collection and re-purposing of disparate data sources from enterprise systems and the cloud, enabling new, emerging capabilities around trend spotting, real-time decision making, performance management, sentiment analysis and customer service. Organizations around the world are making significant investments in Big Data to identify business, marketing, sales and service opportunities that will differentiate them competitively. Deploying digital signage projects using Big Data allows organizations to drive greater content relevance for their constituents.

DOOH Advertising

Digital out-of-home, or DOOH, advertising is a relatively new form of advertising, but is becoming an effective way for advertisers to reach their target audience in captive locations for long periods of time. According to *Magna Global, Global Advertising Revenue Forecast and Historical Data, December, 2012,* the DOOH advertising market accounted for a small but rapidly growing portion of the $146 billion U.S. advertising market in 2011. U.S. DOOH advertising revenue grew to $1.3 billion in 2011, representing a 10-year compound annual growth rate of 20.9%, and is expected to grow to approximately $2.5 billion by 2017. We believe the increase in advertising spending in this medium is largely a result of better research and overall visibility of the medium and digital technology, which have enhanced the reach and the overall value proposition of DOOH advertising for local, regional, national and international advertisers. PQ Media LLC, a custom media search company, states that Digital Place-based Networks, or DPN, growth is being driven by a number of factors, including that: consumers are spending more time consuming media outside the home; DPNs are being located close to points of purchase; the media buying process and the corresponding audience metrics are continually improving; and DPNs are resistant to the ad-skipping technology that impacts the television market.

We believe few other marketing media channels can match the value proposition that digital signage delivers: the ability to reach a mass audience with a high level of flexibility to distribute content, change messages and target specific audiences at a lower cost per impression than traditional media. To put industry growth into perspective, PQ Media predicts a 19.2% compound annual growth rate from 2011 to 2016 for Global Digital Place-based Networks. Forecasted annual industry revenues were projected to grow from $5.9 billion in 2012 to $6.9 billion in 2013 to $12.3 billion in 2016, according to PQ Media's Global Digital Out-of-Home Media Forecast 2012-2016, 5th Edition, 2012.

Related Digital Signage Business Opportunities

The combined technology created from our software and integrated hardware is capable of being used in the DOOH signage industry. The business challenge is to be able to create a network of sufficient critical mass so as to attract meaningful opportunities. The industry remains highly fragmented. To date, the Corporation has not been successful in creating any standalone business opportunities to operate our own proprietary digital signage network of sufficient size and placement to enable us to monetize such technology based upon advertising alone, or at all.

Therefore, it has become our secondary business strategy to seek to provide our clients with revenue sharing based advertising opportunities through creating a network of self-service interactive digital kiosks, interactive window displays, interactive transit displays and other interactive DOOH advertising displays, such as digital wallscapes, spectaculars and mall displays that we plan to introduce into certain North American niche markets, such as land based Indian gaming facilities across the United States.

Mobile and Tablet Solutions

The Corporation's CMS technology is intended to support mobile Apps and iPhone/smart phone integration, while enabling our client's customers to access relevant information and self-service their needs through interactive directories, way-finding, coupons and other instant, on-demand media.

Large Box Retailers, Hotel Chains, Conventions, Tradeshows and Airports

The Corporation focuses its business development on creating opportunities to deploy private channel solutions for large box retailers to empower them to offer private channel digital marketing into high traffic, public spaces, thus, empowering advertisers to target and engage audiences where and when they shop and socialize. We believe this makes target audiences more receptive to the advertisements to be included in our programs and ultimately makes our programs more effective for location sponsors and their advertising clients. The Corporation intends to derive revenues in the future by selling advertising time slots on private channel networks established by location based sponsorship that the Corporation intends to expand across Canada and the United States, to advertising clients and to direct third party advertisers and advertising agencies.

DOOH advertising in North America has experienced significant growth in recent years. By focusing on interactive advertising, the Corporation aims to enable its advertising clients to better target consumers, who the Corporation believes are an attractive demographic for advertisers due to their higher-than-average disposable income. The Corporation strategically places its interactive kiosks and interactive digital smart board touch screens in high-traffic locations of trade show exhibitions, hotels, airports, shopping malls, and in stores of large chain retailers, particularly in areas where there tends to be significant waiting time.

The Corporation seeks to integrate advertising content with non-advertising content, such as news, weather, sports and comedy clips, in our interactive digital TV screen programs. We believe this makes our customers' consumers more receptive to the advertisements included in our programs and ultimately makes our programs more effective for end users. The Corporation's standard programs include, for each advertiser, six 15-second spots of advertising content during each hour of programming and are usually capable of being shown for approximately 10 hours per day.

The Corporation plans to derive incremental revenues by selling advertising time slots on our location sponsors' network to third party advertisers, including both direct advertisers and advertising agencies.

The Corporation believes its services provide the following significant benefits to our location sponsors and third party advertisers:

- *Enhanced Consumer Experience*. The content provided through an interactive digital media network can provide consumers with an entertaining means to pass time while obtaining

relevant information they desire in real time. The Corporation's creative team of employees create content to engage users by stimulating their curiosity and driving their fingertips onto our touchscreens, which in turn logs measurable data for evaluating the effectiveness of content engagement. Besides reward marketing principles, another powerful driver is pleasure through entertainment. We believe popular culture conditions users into repetitive consumption through familiarity. Entertainment news is an important engagement mechanism. We believe our CMS technology enhances the consumer experience and adds value to the interactive services or products provided by our clients' digital signage or touchscreen networks.

- *Incremental Revenue Opportunity*. Under the terms of the Corporation's cooperative services contracts, the Corporation offers location sponsors a share in potential revenue as a means of cost recovery in exchange for the concession rights to play the Corporation's programs in their venues.

- *Effective Means of Managing Consumer Traffic*. We provide opportunities to location sponsors and advertisers to utilize non-advertising time on our network to provide other information to consumers. The ability to provide timely information to consumers allows our interactive digital media network to aid in the management of consumer traffic. The media broadcasting industry is driven by advertising dollars generated through ad placement in TV, radio, newsprint and Internet mediums. We believe the reason for explosive Internet growth is that it provides a non-interruptive mechanism for delivering user driven on-demand content with targeted ads. Traditional media does not provide this instant freedom of interactivity, which appears to have caused losses of audiences to alternative interactive digital mediums that converge content consumption through a digital format.

- *Cost-Effective Media Service*. If sufficiently large in scale, we believe a network can allow us to provide our clients' network location sponsors with a wide range of digital media programs on a cost-effective basis, which may otherwise be costly and time consuming for each sponsor to procure individually.

Marketing and Sales Growth Strategy

The Corporation intends to build separate sales teams to focus on developing the client base for different advertising media platforms while promoting the broader value that the overall network and these platforms collectively provide to the Corporation's advertising clients. We believe the creation of new advertising media platforms within the interactive advertising sector, and our growing CMS product and service offerings, will provide potential advertising clients with more choices in selecting and combining different interactive advertising platforms that best suit their advertising needs and preferences. The Corporation's goal is to increase our competitive position as an interactive digital media network provider in North America and, thereafter, to expand into other areas of the interactive DOOH advertising sector. Accomplishing this goal requires the successful implementation of the following strategies:

- The Corporation plans to broaden our CMS products and service offerings through new private channel advertising media platforms within the interactive DOOH advertising sector, in particular by offering an interactive digital media replacement for traditional light box displays, to establish private channel platforms, broaden consumer reach, enhance the effectiveness of advertisements and provide location sponsors and their advertising clients with more choices in selecting and combining different interactive advertising platforms according to their advertising needs and preferences.

- The Corporation plans to grow our leading CMS technology's market position and generate revenues by building local sales teams in additional cities to increase sales of advertising time slots and utilization rates in these cities and to increase the number of interactive smart boards and other interactive displays into emerging private channel network opportunities.

- The Corporation will continue to seek out rights to display high quality non-advertising content to make audiences more receptive and ultimately bring greater value to our business and customers in a cost-effective manner.

- The Corporation will continue to promote our brand name and the value of interactive smart boards and kiosks through proactive sales and marketing efforts to identify, solidify and broaden our customer base and our emerging relationships with large retail chains and content providers.

To achieve this goal, the Corporation intends to:

- *Build Local Sales Teams in Major Additional Cities and Increase our Sales and Utilization Rate of Advertising Time Slots in these Cities.* Currently, the Corporation has sales offices in Burnaby, British Columbia and in Las Vegas, Nevada where we maintain our business development and sales network. The Corporation plans to build local sales teams in additional cities associated with key regions of location sponsors to strengthen our sales efforts in these cities, further develop relationships with local advertisers, increase direct sales of advertising time slots in these cities, and improve utilization rates, being the percentage of available time slots that we sell to advertisers.

- *Increase the Number of Locations Our Emerging Network.* The Corporation intends to enter into further cooperative services contracts for concession rights to increase the number of locations that we can place or operate interactive kiosks and interactive digital smart boards or other displays in order to broaden the viewer reach of the advertisements shown on our network and enhance our current position in many of the most desirable locations.

The Corporation will continue to evaluate new opportunities in the future that are not currently in our network. This will help to ensure that our network continues to include the most significant venues in North America and in China. While the rates of advertising fees that the Corporation charges our advertising clients are not directly tied to the number of locations in our network, we believe that expanding our network will extend our audience reach, make our digital media network more attractive to national advertisers, and ultimately lead to higher fee rates and increased revenues.

The Corporation will continue to promote its brand name through proactive sales and marketing efforts. We believe this will allow us to broaden our client base as well as strengthen our relationships with location sponsors and advertisers.

The Corporation plans to pursue strategic relationships and acquisitions to expand our business within the interactive advertising industry. The Corporation plans to identify, execute and integrate acquisitions to build scale and enter into complementary businesses and new media platforms that enhance our interactive advertising network and reach. The Corporation plans to evaluate strategic acquisition opportunities that we believe will further enhance our market leadership position, while also providing an attractive return on investment. When evaluating potential acquisition targets, we will consider factors such as market position, growth and earnings prospects, and ease of integration. The Corporation is not currently negotiating any material acquisitions.

Regulation

Advertising regulation comprises laws and rules defining the ways in which products can be advertised in a particular region. Rules can define a wide number of different aspects, such as placement, timing, and content. In the United States, false advertising and health-related ads are regulated the most. Many communities have their own rules, particularly for outdoor advertising.

Self-Regulation Practices - Code of Advertising Practices in Digital Media

We are committed to delivering our advertisers' messages to consumers. This role in the arena of public discourse requires both a defence of free speech and sensitivity to contemporary standards and concerns. We recognize the need to balance these demands and therefore adhere to the following code of advertising practices:

- Establish exclusionary zones which prohibit advertisements of all products illegal for sale to minors that are intended to be read from or within 1000 feet of established places of worship, primary and secondary schools,or playgrounds.

- Continue to assert the right to reject creative content that is misleading, sexually explicit, overly suggestive, or in any way reflects upon the character, integrity or standing of any organization or individual.

- Continue our traditional commitment at both the national and local levels to display public service messages for worthy community causes.

- Encourage diversity of advertised goods and services in all markets.

Advertising Content in General

Advertising laws and regulations set forth certain content requirements for advertisements in North America, including prohibitions on, among other things, misleading content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anaesthetic, psychotropic, toxic or radioactive drugs are also prohibited. The dissemination of tobacco advertisements via media is also prohibited as well as the display of tobacco advertisements in any waiting lounge, theatre, cinema, conference hall, stadium or other public area. There are also specific restrictions and requirements regarding advertisements that relate to matters such as patented products or processes, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics. In addition, all advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals advertised through radio, film, television, newspaper, magazine, out-of-home and other forms of media are subject to censorship by administrative authorities according to relevant laws and administrative regulations. We do not believe that advertisements containing content subject to restriction or censorship comprise a material portion of the advertisements displayed on our private channel network.

Particular Matters Related to Business in China

We operate our business in China under a legal regime consisting of the State Council, which is the highest authority of the executive branch of the National People's Congress, and several ministries and agencies under its authority, including the State Administration for Industry and Commerce.

Regulations on Foreign Exchange in China:

Foreign exchange regulation in China is primarily governed by the following rules: the *Foreign Currency Administration Rules* (1996), as amended (the "**Exchange Rules**"), and the *Administration Rules of the Settlement, Sale and Payment of Foreign Exchange* (1996) (the "**Administration Rules**").

Under the Exchange Rules, the RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of yuan for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the State Administration of Foreign Exchange (the "**SAFE**").

Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, including approval by the Ministry of Commerce, the SAFE and the State Development and Reform Commission.

North American Regulation

Particular Matters Related to Business in the United States:

Over the past decade, United States federal and state governments have passed advertising laws that protect consumer privacy and ensure fair and truthful advertising practices online. The *Federal Trade Commission Act* (the "**FTC Act**") allows the Federal Trade Commission (the "**FTC**") to act in the interest of all consumers to prevent deceptive and unfair acts or practices. In interpreting Section 5 of the FTC Act, the FTC has determined that a representation, omission or practice is deceptive if it is likely to mislead consumers and affect consumers' behavior or decisions about the product or service. In addition, an act or practice is unfair if the injury it causes, or is likely to cause, is substantial, not outweighed by other benefits and not reasonably avoidable.

The FTC Act prohibits unfair or deceptive advertising in any medium. That is, advertising must tell the truth and not mislead consumers. A claim can be misleading if relevant information is left out or if the claim implies something that is not true. Sellers are responsible for claims they make about their products and services in advertisements. Third parties, such as advertising agencies, also may be liable for making or disseminating deceptive representations if they participate in the preparation or distribution of the advertising, or know about the deceptive claims. Advertising agencies or website designers are responsible for reviewing the information used to substantiate ad claims. They may not simply rely on a seller's assurance that the claims are substantiated. In determining whether an advertising agency should be held liable, the FTC looks at the extent of the agency's participation in the preparation of the challenged advertisement, and whether the agency knew or should have known that the advertisement included false or deceptive claims.

Billboards are the most common example of commercial speech that can be regulated at the local or state level. Additionally, many of the newer out-of-home advertising methods, such as video displays, also fall within a city or state's jurisdiction.

We currently do not operate any significant outdoor advertising business, but may in the future do so with interactive outdoor window displays. The outdoor advertising industry in the United States is subject to governmental regulation at the federal, state and local levels. These

regulations may include, among others, restrictions on the construction, repair, maintenance, lighting, upgrading, height, size, spacing and location of and, in some instances, content of advertising copy being displayed on, outdoor advertising structures. In addition, the outdoor advertising industry outside of the United States is subject to certain foreign governmental regulation.

Within the United States in recent years, outdoor advertising has become the subject of targeted state and municipal taxes and fees. These laws may affect prevailing competitive conditions in the Corporation's markets in a variety of ways. Such laws may reduce our expansion opportunities, or may increase or reduce competitive pressure from other members of the outdoor advertising industry. No assurance can be given that existing or future laws or regulations, or the enforcement thereof, will not materially and adversely affect the outdoor advertising industry. However, we contest laws and regulations that we believe unlawfully restrict our constitutional or other legal rights and may adversely impact the growth of our outdoor advertising business or our business.

Federal United States laws, principally, the *Highway Beautification Act of 1965* (the "**HBA**"), regulate outdoor advertising on Federal — Aid Primary, Interstate and National Highway Systems roads. The HBA requires states to "effectively control" outdoor advertising along these roads, and mandates a state compliance program and state standards regarding size, spacing and lighting. The HBA requires any state or political subdivision that compels the removal of a lawful billboard along a Federal — Aid Primary or Interstate highway to pay just compensation to the billboard owner.

All states have passed billboard control statutes and regulations at least as restrictive as the federal requirements, including laws requiring the removal of illegal signs at the owner's expense (and without compensation from the state). Although we believe that the number of our billboards that may be subject to removal as illegal is immaterial, and no state in which we operate has banned billboards entirely, from time to time governments have required us to remove signs and billboards legally erected in accordance with federal, state and local permit requirements and laws. Municipal and county governments generally also have sign controls as part of their zoning laws and building codes.

Using federal funding for transportation enhancement programs, state governments have purchased and removed billboards for beautification, and may do so again in the future. Under the power of eminent domain, state or municipal governments have laid claim to property and forced the removal of billboards. Under a concept called amortization, by which a governmental body asserts that a billboard operator has earned compensation by continued operation over time, local governments have attempted to force removal of legal but nonconforming billboards (i.e., billboards that conformed to applicable zoning regulations when built but which do not conform to current zoning regulations). Although the legality of amortization is questionable, it has been upheld in some instances. Often, municipal and county governments also have sign controls as part of their zoning laws, with some local governments prohibiting construction of new billboards or allowing new construction only to replace existing structures.

We may introduce deployment of digital billboards that display static digital advertising copy from various advertisers that changes every 10 to 15 seconds. We have encountered some existing regulations that restrict or prohibit these types of digital displays but it has not yet materially impacted our digital deployment. Since digital billboards have only recently been developed and introduced into the market on a large scale, existing regulations that currently do not apply to them by their terms could be revised to impose greater restrictions. For example,

these regulations may impose greater restrictions on digital billboards due to alleged concerns over aesthetics or driver safety.

In addition, due to their recent development, relatively few large scale studies have been conducted regarding driver safety issues, if any, related to digital billboards. The U.S. Department of Transportation Federal Highway Administration is currently conducting a study on whether the presence of digital billboards along roadways is associated with a reduction of driver safety for the public. If the results of this study include adverse findings, it may result in regulations at the federal or state level that impose greater restrictions on digital billboards.

Plan of Operations

Our business model is predicated upon monetizing our UI and CMS products and service solutions at an enterprise level to derive recurring revenue from licensing. As a by-product, we seek to establish location sponsored networks in several distinct vertical markets. Such markets include plans for large chain retailers, hotel chains, tradeshow exhibitions and institutions that sponsor their networks by paying for the cost of interactive kiosks and smart boards and Internet connectivity or, alternatively, paying for leasing hardware, with integrated UIs and CMS software products comprising such network. As such, we will require working capital to fund product development and to maintain sufficient hardware inventory, which is largely produced by third parties on a just in time basis, depending on the scope and size of our future network deployments.

As we have not generated significant revenues from our operations to date, we expect we will need to raise additional financing through the issuance of equity or debt or via shareholder loans from our CEO. As of September 30, 2014, we had accumulated losses of $12,639,641 since inception. We require approximately $2,000,000 per year to maintain software development operations at their current level and to fund the costs attributed to wages, rents and general and administrative expenses.

Specialized Skill and Knowledge

The design, development and distribution of turnkey interactive touch screen based software require specialized skills and knowledge. The Corporation's employees have an average of 10 years of experience in the software development industry. For the past three years, the Corporation has focused on the development of content management software systems that deploy on professional standard or industrial grade hardware. Management continually monitors the results of our proprietary software development team based on work performed by the employees of our two subsidiaries, Qeyos, in Burnaby, BC, and Wuxi, in China. We intend to incorporate new features into our proprietary interactive technology based on these results, as well as incorporating practices designed to reduce development costs and increase the productivity and ease of use of our products, thereby improving the "customer experience" for our clients where possible.

Customer experience management in digital media is a fairly new concept and can be complicated. Very few organizations have all of the in-house resources necessary to develop technologies, formulate strategies, and optimize outcomes. The Corporation and its subsidiaries have in-house personnel with the required specialized skills and knowledge to carry out their respective operations. The Corporation's technical team includes a compliment of operations of hardware technicians, software development programmers and digital graphics artists.

Competitive Conditions

The worldwide digital signage market is vast and diverse. In addition to the scope of our product and service portfolio, we compete based upon commercial availability, price, visual performance, brand reputation, power usage and customer service. Customer requirements vary as to products and services, and as to the size and geographic location of the solutions. We compete with a broad range of companies, including local, national and international organizations, whose offerings differ widely. Some competitors offer a range of products and services, while others offer only a single part of an overall digital signage solution. We primarily compete with several different groups of competitors:

- software developers in the interactive touch screen technology sector, such as Four Winds Interactive LLC, Omnivex and NCR;

- advertising companies that operate advertising networks, such as CBSDecaux, and DOOH short of the interactive sector, such as Focus Media, Captivate, ClearChannel and others;

- in-house advertising companies of large retail chains that may operate their own advertising networks; and

- other advertising media companies, that focus on Internet, street furniture displays, billboard or public transport advertising mediums, or traditional advertising mediums, such as newspapers, television, magazines and radio, some of which may advertise in the large chain retail locations in which we currently have exclusive contract rights to operate interactive digital smart boards.

The Corporation competes for end users for our digital media products primarily on the basis of the ease of use and extensive features of our content management software solutions. It further competes for advertising clients based upon network size and coverage, location, price, quality of our user interface programs, the range of services that we offer and our brand recognition. Many of our competitors have a variety of competitive advantages over us, such as greater financial and operational resources, longer histories in the DOOH advertising industry, and more extensive networks that extend beyond the interactive sector and offer a more diversified portfolio. This may make their products and services more attractive to advertising clients than ours. In addition, we may also face competition from new entrants into the interactive digital media sector in the future.

Cycles

The Corporation's business is not considered to be cyclical or seasonal.

Intangible Properties

To protect its brand and other intellectual property, the Corporation relies on a combination of trademark and trade secret laws as well as confidentiality agreements with its employees, sales agents, contractors and others. The Corporation does not hold any patents or copyrights and cannot be certain that its efforts to protect its intellectual property rights will be adequate or that third parties will not infringe or misappropriate these rights.

Employees

As of September 30, 2014, the Corporation had ten employees working on software development and hardware integration in Burnaby, British Columbia, and nine employees working on software development in the PRC. Additionally, the Corporation has engaged six contractors, four of whom work in Burnaby, British Columbia, and two of whom work in Las Vegas, Nevada.

The Corporation enters into standard confidentiality agreements with each of our employees and contractors that prohibit them from disclosing confidential information obtained during their employment or engagement with us. The confidentiality agreements include a covenant that prohibits them from engaging in any activities that compete with our business for three years after the end of their employment with the Corporation. None of our employees is a member of a labor union related to our business and we consider our relationships with our employees to be good.

Foreign Operations

The Corporation's software development business in the PRC is conducted via Wuxi. As such, our software development operations may be adversely affected by changes in foreign government policies and legislation, rules governing foreign capital investment or social instability, and other factors not within our control.

Bankruptcy and Similar Proceedings

Neither the Corporation nor any of its subsidiaries has, within the three most recently completed financial years or otherwise prior to the date of this Listing Statement, been subject to any bankruptcy, receivership or similar proceedings, been declared bankrupt, made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy, instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Restructuring Transactions

In January, 2011, the Corporation completed the acquisition of Qeyos and in April 2011, Qeyos incorporated Wuxi. Also in January 2011, in connection with the acquisition of Qeyos, new directors and executive officers joined the Corporation's Board and management team. See "Corporate Structure".

Use of Available Funds

As at September 30, 2014, the Corporation had a working capital deficit of approximately $6,244,774. The Corporation funds its business using the proceeds from on-going shareholder loans advanced from time to time by R.J. Tocher Holdings Ltd., an investment company owned and controlled by Ross J. Tocher, who is the Corporation's largest shareholder, director, President and CEO. Although the Corporation intends to pursue additional debt or equity financing in the future, there can be no assurance that such financing will be available, or completed on terms that are favourable to the Corporation.

The Corporation estimates that it will require the following funds to conduct its plan of operations over the next twelve months:

Use of Available Funds	Amount
Estimated cost of Prospectus and CSE Listing	$35,000
Expansion of further or alternative technology pilot programs in the U.S.	$200,000
Locating, evaluating and negotiating potential business opportunities	$100,000
Operating expenses for 12 months(1)	$1,700,000
Total	**$2,035,000**

(1) Estimated operating expenses for the next 12 months include: $100,000 for marketing expenses; $15,000 for consulting fees; $240,000 for management fees; $90,000 for office and administrative expenses; $125,000 for professional fees; $200,000 for rent; $850,000 for salaries, wages and benefits; and $80,000 for travel expenses.

Business Objectives and Milestones

The Corporation's intended business objectives using the funds available to it are to grow its revenues through sales of its CMS and related hardware and to become a leader in providing interactive digital solutions to our customers. In order for the Corporation to accomplish these business objectives, the Corporation must market the strengths of its CMS platform to key industry verticals that require the integrated services we provide. The marketing effort for sales is expected to occur over the next 12 months and cost approximately $100,000.

Other Sources of Funding

The Corporation currently does not have any immediate sources of additional funding but is evaluating its strategies for sourcing additional funding from sources other than R.J. Tocher Holdings Ltd.

4.2 Not applicable.

4.3 Not applicable.

4.4 Not applicable.

5. Selected Consolidated Financial Information

5.1 Annual Information

The following table summarizes selected annual financial data for the Corporation prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**") for the three years ended December 31, 2013, December 31, 2012 and December 31, 2011 and the nine month period ended September 30, 2014. The audited information presented below is derived from the Corporation's financial statements which were examined by its independent auditor. The information set forth below should be read in conjunction with the Corporation's audited annual and unaudited interim financial statements and related notes thereto, which are available on SEDAR at www.sedar.com.

	9 months ended September 30, 2014 (unaudited) ($)	Year ended December 31, 2013 (audited) ($)	Year ended December 31, 2012 (audited) ($)	Year ended December 31, 2011 (audited) ($)
Net sales or total revenues	47,129	110,553	146,619	84,145
Total expenses	1,924,073	2,757,381	3,279,571	3,260,144

	9 months ended September 30, 2014 (unaudited) ($)	Year ended December 31, 2013 (audited) ($)	Year ended December 31, 2012 (audited) ($)	Year ended December 31, 2011 (audited) ($)
Net loss	1,876,944	2,646,828	3,132,952	3,175,999
Basic and diluted loss, per share	0.03	0.04	0.04	0.05
Total assets	659,233	693,420	721,637	1,542,848
Long-term debt	-	-	-	-
Dividends declared	-	-	-	-

5.2 Quarterly Information

The following table summarizes selected quarterly financial data for the Corporation prepared in accordance with IFRS as issued by the IASB for each of the eight most recently completed quarters ending at the end of the most recently completed financial year, being December 31, 2014, other than the quarter ended December 31, 2014 for which financial information is not yet available.

	Sept 30, 2014	June 30, 2014	Mar 31, 2014	Dec 31, 2013	Sept 30, 2013	June 30, 2013	Mar 31, 2013	Dec 31, 2012
Total revenues	4,936	8,051	34,142	(1,128)[1]	24,368	49,451	37,862	(1,464)[1]
Net loss - continuing operations	563,259	683,356	630,328	881,337	524,728	595,686	645,077	736,261
Net loss - total	563,259	683,356	630,328	881,337	524,728	595,686	645,077	736,261
Basic and diluted loss per share – continuing operations	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Basic and diluted loss per share	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

(1) The Corporation incurred negative revenue in the fourth quarters of 2013 and 2012 due to adjustments and write-offs of previously invoiced revenues.

5.3 The payment of dividends on the Shares, if any, in the future rests within the sole discretion of the board of directors of the Corporation (the "**Board**"). The payment of dividends on the Shares will depend upon the Corporation's earnings, its capital requirements and its financial condition, as well as other relevant factors.

Subject to the laws of the Cayman Islands, the Board may declare dividends in accordance with the respective rights of the shareholders and authorize payment of the same out of the funds of the Corporation lawfully available therefor. The Board may also pay interim dividends it if appears that they are justified by the financial position of the Corporation. If the Corporation's share capital is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential rights with regard to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time payment, any preferential dividend is in arrears. The Board may also, from time to time, pay any dividend payable at a fixed rate if it appears that there are sufficient funds of the Corporation lawfully available for distribution to justify the payment. Except as otherwise provided by the rights attached to any shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividends are paid.

The Corporation has not declared any cash dividends on the Shares since its inception and intends to retain its earnings to finance growth and expand its operations. It does not anticipate paying any dividends on the Shares or on any other classes of its securities in the foreseeable future. The Class A Shares carry a cumulative cash dividend of 10% per annum.

5.4 Not applicable.

6. Management's Discussion and Analysis

The following management's discussion and analysis ("**MD&A**") is a review of operations, current financial position and outlook for the Corporation and should be read in conjunction with the Corporation's unaudited interim financial statements for the three and nine months ended September 30, 2014 and the Corporation's audited consolidated financial statements for the years ended December 31, 2013, December 31, 2012 and December 31, 2011. The Corporation has prepared its financial statements and this MD&A in accordance with US GAAP and all dollar figures included herein are quoted in U.S. dollars unless otherwise noted. This MD&A is prepared as of December 1, 2014 (unless otherwise specified below).

Overall Performance

The Corporation has had limited revenue over the past three fiscal years, but has also incurred increased expenses to fund final development of its proprietary software and deployment of the results of that work on a proof of technology pilot program that was undertaken at various locations of a large U.S. based retailer between August 2012 and April 2014. This pilot program was undertaken in lieu of pursuing other smaller scaled sales opportunities. Management expects the Corporation's revenue to increase and its expenses to decrease while the Corporation commences the full scale market release of its product offering into established third party sales distribution channels using the Internet as an alternative to the past costs incurred to employ an internal sales staff in Burnaby, British Columbia. In addition, the Corporation, having reached successful completion of its technology pilot program in the U.S., must identify new opportunities to enter negotiations for definitive agreements that are expected to enable the Corporation to monetize such opportunities for advertisers to utilize the Corporation's proprietary interactive touch screen technologies in the large retailer arena. While we have taken steps to reduce the size of our internal sales staff, we intend to maintain our current number of programming employees to oversee sales deployment of our completed software products. See "Narrative Description of the Business" for additional details regarding the Corporation's business.

The Corporation's future performance is largely tied to completing definitive agreements with end-users of its software product offerings, and the overall state of financial markets generally. The Corporation's future is also dependent upon its ability to obtain adequate financing and to attain future profitable operations. Management has plans to seek additional capital financing through debt or equity financings. Uncertainty in credit markets has led to increased difficulties in raising and borrowing funds. As a result, the Corporation may have difficulties in completing equity or debt financings for the purposes of maintaining its current level of operations and marketing its completed software products, without diluting the interests of current shareholders of the Corporation.

The Corporation has received monthly funding of its working capital requirements from its largest shareholder, President and CEO, Mr. Ross J. Tocher, who has continued his commitment to support the development of the Corporation's software product offering until it can be successfully brought to market. As at September 30, 2014, the Corporation had a working capital

deficiency of $6,244,774 (December 31, 2013: $4,428,410), cash of $161,120 (December 31, 2013: $241,327) and accumulated losses of $13,202,901 for the period from inception on October 5, 2000 to September 30, 2014 (inception to December 31, 2013: $11,325,957). Management expects the Corporation to incur further losses in the development of its business, which casts substantial doubt on the Corporation's ability to continue as a going concern.

Management anticipates that the Corporation's cash and cash equivalents will not be sufficient to meet its working capital requirements for the next twelve month period and additional funds will need to be raised through equity or debt financings, including, if necessary, additional shareholder loans, to fund product development and ongoing operations. See "Overview of the Business – Use of Available Funds". Although the Corporation has secured financing and shareholder loans in the past, there is no assurance that the Corporation will be able to do so in the future on terms that are favorable to the Corporation or at all. The Corporation may have difficulty raising needed funds due to a number of uncertainties and risk factors, including uncertainty with respect to credit markets and any general economic downturn. See "Risk Factors".

From August 2012 to April 2014, the Corporation was engaged in a proof of technology pilot program involving a large retailer based in the United States, the terms of which were protected by a mutual non-disclosure contract. While the pilot program was undertaken, the Corporation ceased pursuit of similar business opportunities in the PRC, resulting in a modest reduction of its costs of operations. The Corporation successfully concluded the pilot program in April 2014. Although no agreement was entered into with the retailer upon completion of the pilot program, the Corporation intends to use the results of the pilot program to enter into agreements, or undertake new pilot programs, with other potential end-users of its software operating in retailer markets or otherwise. If the Corporation is unable to enter into, or generate revenue from, such agreements, it could result in a reduction in the Corporation's enterprise value, leading to potential dilution for shareholders, particularly if the Corporation is required to raise additional funds though equity or debt financing, as discussed above.

Results of Operations

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 (Unaudited)

The Corporation generated $4,936 in revenue during the third quarter of 2014 compared to $24,369 during the third quarter of 2013. The reason for the decrease in revenue was a decrease in fees earned for custom programming of kiosk applications.

The Corporation's expenses increased from $549,097 during the third quarter of 2013 to $568,195 during the third quarter of 2014. The increase of $19,098 between periods was mainly attributable to increases in consulting fees (2014: $8,637; 2013: $717); management fees (2014: $71,628; 2013: $57,810); and travel (2014: $45,887; 2013: $4,771), which were offset in part by decreases in advertising and promotion (2014: $5,578; 2013: $10,669), amortization (2014: $10,025; 2013: $10,866); salaries, wages and benefits (2014: $260,157; 2013: $282,115); office and administrative expenses (2014: $52,558; 2013: $55,808); and rent (2014: $45,500; 2013: $55,095).

Net loss increased by $38,531 from $524,728 during the third quarter of 2013 to $563,259 during the third quarter of 2014. The increased net loss was due to decreases in revenue, resulting from the decrease in fees earned for custom programming of kiosk applications, and an increase in certain expenses, related to, among other things, increased travel related to the marketing of the Corporation's products.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 (Unaudited)

The Corporation's total assets decreased by $34,187, from $693,420 as at December 31, 2013 to $659,233 as at September 30, 2014, related primarily to a decrease in cash from $241,327 as at December 31, 2013 to $161,120 as at September 30, 2014. The Corporation's liabilities also increased during the period, from $5,084,753 as at December 31, 2013 to $6,890,285 as at December 31, 2014. This increase was largely due to an increase of $1,624,659 due to related parties, related to shareholder loans provided by the Corporation's President and Chief Executive Officer to further the Corporation's operations.

The Corporation generated $47,129 in revenue during the nine months ended September 30, 2014 compared to $111,681 during the nine months ended September 30, 2013. The decrease in revenue was attributable to a decrease in fees earned for custom programming of kiosk applications.

The Corporation's expenses increased from $1,877,173 during the nine months ended September 30, 2013 to $1,924,073 during the nine months ended September 30, 2014. The increase of $46,900 between periods was mainly due to increased expenses attributable to: consulting fees (2014: $46,273; 2013: $21,880); foreign exchange (2014: $108,175; 2013: $73,309); inventory costs (2014: $33,019; 2013: nil); management fees (2014: $213,894; 2013: $173,802); and travel (2014: $78,801; 2013: $59,427. These increased expenses were offset in part by decreased expenses related to: salaries, wages and benefits (2014: $791,663; 2013: $887,936); advertising and promotion (2014: $8,171; 2013: $13,152); filing fees (2014: $4,606; 2013: $7,783); and amortization (2014: $23,927; 2013: $32,904).

Net loss increased by $111,452 between periods, from $1,765,492 during the nine months ended September 30, 2013 to $1,876,944 during the nine months ended September 30, 2014. The increased net loss was due to decreases in revenue, resulting from the decrease in fees earned for custom programming of kiosk applications, and an increase in certain expenses, related to, among other things, increased travel related to the marketing of the Corporation's products.

The tables set out under the heading "Additional Disclosure for Venture Issuers without Significant Revenue" set out the components of the Corporation's expenses for the nine months ended September 30, 2014.

Fourth Quarter - Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012 (Unaudited)

The Corporation generated ($1,128) in revenue during the three month period ended December 31, 2013 compared to ($1,464) during the three month period ended December 31, 2012. The reason for the increase in revenue was primarily due to write-offs of previously invoiced revenues in the fourth quarter of 2012.

The Corporation's expenses increased from $734,797 during the fourth quarter of 2012 to $880,209 during the fourth quarter of 2013. The increase was due primarily to the write-down of inventory costs due to obsolescence.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012 (Audited)

The Corporation's total assets decreased by $28,217, from $721,637 as at December 31, 2012 to $693,420 as at December 31, 2013. The decrease in total assets was mainly due to an increase of

$15,044 in total current assets from $641,299 as at December 31, 2012 to $656,343 as at December 31, 2013, due to increased cash (2013: $241,327; 2012: $143,280), accounts receivable (2013: $182,262; 2012: $152,922) and prepaid expenses (2013: $2,161; 2012: $889), offset by decreases inventory expenses (2013: $230,593; 2012: $344,208) and property and equipment (2013: $33,077; 2012: $80,338).

The Corporation's decrease in total assets was offset by the Corporation's increase in total liabilities of $2,609,159, from $2,475,594 as at December 31, 2012 to $5,084,753 as at December 31, 2013. The increase in total liabilities was mainly due to an increase of $2,455,953 in amounts due to related parties from $2,073,960 as at December 31, 2012 to $4,529,913 as at December 31, 2013.

The Corporation generated $110,553 in revenue during 2013 compared to $146,619 during 2012. The reason for the decrease in revenue was a decrease in fees earned for custom programming of kiosk applications.

The Corporation's expenses decreased from $3,279,571 during 2012 to $2,757,381 during 2013. The decrease from 2012 to 2013 was mainly attributable to advertising and promotion expenses (2013: $13,402; 2012: $89,126), consulting fees (2013: $32,075; 2012: $94,880), management fees (2013: $241,701; 2012: $256,962), office and administrative expenses (2013: $271,134; 2012: $403,223), salaries, wages and benefits (2013: $1,091,594; 2012: $1,675,220) and travel expenses (2013: $90,068; 2012: $124,285).

Net loss decreased by $486,124, from $3,132,952 during 2012 to $2,646,828 during 2013. The decreased net loss was mainly due to decreases in salaries, wages and benefits, as well as due to decreases in office and administrative expenses, travel expenses, consulting fees and advertising and promotion expenses.

The tables set out under the heading "Additional Disclosure for Venture Issuers without Significant Revenue" set out the components of the Corporation's expenses for 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011 (Audited)

The Corporation's total assets decreased by $821,211, from $1,542,848 as at December 31, 2011 to $721,637 as at December 31, 2012. The decrease in total assets was mainly due to a decrease of $815,123 in total current assets from $1,456,422 as at December 31, 2011 to $641,299 as at December 31, 2012, due to reduced cash (2012: $143,280; 2011: $728,575), accounts receivable (2012: $152,922; 2011: $381,955) and prepaid expenses (2012: $889; 2011: $49,510), offset in part by increased inventory (2012: $344,208; 2011: $296,382).

The Corporation's decrease in total assets was compounded by a significant increase in the Corporation's total liabilities of $2,230,563, from $245,031 as at December 31, 2011 to $2,475,594 as at December 31, 2012. The increase in liabilities was mainly due to an increase of $1,964,651 in amounts due to related parties from $109,309 as at December 31, 2011 to $2,073,960 as at December 31, 2012. During 2012, the Corporation's President and CEO, and certain companies controlled by him, advanced $2,073,960 to the Corporation as an unsecured, non-interest bearing demand loan to fund the ongoing operations of the Corporation. See "Related Party Transactions".

The Corporation generated $146,619 in revenue during fiscal 2012 compared to $84,145 during fiscal 2011. The reason for the increase in revenue was a result of significant marketing and sales operations of the Corporation's operating subsidiary, Qeyos, which resulted in the generation of revenues from a variety of sources, including sales and rentals of digital media kiosks, fees for

custom software development for kiosk customers, and advertising fees from advertisers on the digital media kiosks sold, rented or otherwise deployed to a variety of venues in Canada, including retail shopping malls and convention centres.

The Corporation's expenses increased from $3,260,144 during 2011 to $3,279,571 during 2012. The small increase from 2011 to 2012 was mainly due to decreased expenses attributable to software development costs (2012: $Nil; 2011: $442,579), advertising and promotion (2012: $89,126; 2011: $149,372), consulting fees (2012: $94,880; 2011: $277,825), and office and administrative expenses (2012: $428,285; 2011: $527,438), offset in part by increases in expenses attributable to salaries, wages and benefits (2012: $1,675,220; 2011: $1,135,857), interest and bank charges (2012: $210,352; 2011: $56,147), management fees (2012: $256,962; 2011: $242,326), professional fees (2012: $159,262; 2011: $98,617), rent (2012: $203,931; 2011: $178,706) and travel expenses (2012: $124,285; 2011: $102,744).

Net loss decreased by $43,047 from $3,175,999 during 2011 to $3,132,952 during 2012. The decreased net loss is mainly due to increased revenue from 2011 to 2012.

The tables set out under the heading "Additional Disclosure for Venture Issuers without Significant Revenue" set out the components of the Corporation's expenses for 2012.

Additional Disclosure for Venture Issuers without Significant Revenue

The Corporation has generated minimal revenues since incorporation and it does not have any real property interests. The following table sets out the components of the Corporation's general and administrative expenses for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013, and for fiscal 2013 as compared to fiscal 2012:

	Nine months ended September 30, 2014 (Unaudited) ($)	Nine months ended September 30, 2013 (Unaudited) ($)	Year ended December 31, 2013 (Audited) ($)	Year ended December 31, 2012 (Audited) ($)
Advertising and promotion	8,171	13,152	13,402	89,126
Amortization	23,927	32,904	43,620	42,918
Consulting fees	46,273	21,880	32,075	94,880
Filing fees	4,606	7,783	12,839	11,730
Foreign exchange	108,175	73,309	84,791	(17,380)
Interest and bank charges	156,355	155,456	208,075	210,352
Inventory costs	33,019	–	254,342	25,062
Management fees	213,894	173,802	241,701	256,962
Office and administrative	189,813	188,517	271,134	403,223
Professional fees	106,943	101,032	192,171	159,262
Rent	162,433	161,975	221,568	203,931
Salaries, wages and benefits	791,663	887,936	1,091,594	1,675,220
Travel	78,801	59,427	–	124,285
Total Expenses	**1,924,073**	**1,877,173**	**2,757,381**	**3,279,571**

Liquidity and Capital Resources

The following table sets out the components of the Corporation's liquidity and capital resources as at September 30, 2014, as compared to as at December 31, 2013 and December 31, 2012:

	September 30, 2014 (Unaudited) ($)	December 31, 2013 (Audited) ($)	December 31, 2012 (Audited) ($)
Cash	161,120	241,327	143,280
Working capital (deficit)	(6,244,774)	(4,428,410)	(1,834,295)
Total assets	659,233	693,420	721,637
Total liabilities	6,890,285	5,084,753	2,475,594

The Corporation's working capital decreased from a deficit of $4,428,410 at December 31, 2013 to a deficit of $6,244,774 at September 30, 2014, as a result of an increase in amounts due to related parties and accrued dividends payable. See "Plan of Operations".

The Corporation's working capital decreased from a deficit of $1,834,295 at December 31, 2012 to a deficit of $4,428,410 at December 31, 2013, as a result of an increase in amounts due to related parties and accrued dividends payable.

Anticipated Cash Requirements

The Corporation requires a minimum of approximately $2,000,000 to proceed with its plan of operation over the next twelve months, exclusive of any acquisition or development costs. See "Use of Available Funds". This amount may also increase if the Corporation is required to carry out due diligence investigations in regards to any prospective investment or business opportunity or if the costs of negotiating an applicable transaction are greater than anticipated. The Corporation does not have sufficient working capital to enable it to carry out its stated plan of operation over the next twelve months. As a result, the Corporation plans to complete equity or debt financings in order to raise the funds necessary to pursue its plan of operation. There is no assurance that it will be successful in raising such needed equity on commercially reasonable terms, or at all.

Operating Activities

Operating activities used cash of $47,028 during the nine months ended September 30, 2014 as compared to providing cash of $14,346 during the nine months ended September 30, 2013. This decrease was primarily due to a decrease in cash due to related parties of $1,774,137 during the nine months ended September 30, 2013 compared to $1,624,659 during the nine months ended September 30, 2014, and an increase in stock based compensation from $9,178 during the nine months ended September 30, 2013 to $37,225 during the nine months ended September 30, 2014.

Operating activities provided cash of $98,047 during fiscal 2013 as compared to using cash of $548,465 during fiscal 2012 and $3,306,543 during fiscal 2011. The increase in cash provided by operating activities was primarily due to a net loss of $2,646,828 for fiscal 2013 compared to a net loss of $3,132,952 for fiscal 2012. Additionally, $2,455,953 of cash was provided by a related party in fiscal 2013 compared to $2,243,364 in fiscal 2012 and $109,309 during fiscal 2011.

Investing Activities

During the nine months ended September 30, 2014, the Corporation used cash of $33,179 in investing activities as compared to $nil during the nine months ended September 30, 2013. The decrease was primarily due to loan receivable of ($32,607).

During fiscal 2013, the Corporation did not use any cash in investing activities, as compared to using $36,830 during fiscal 2012 and $59,732 during fiscal 2011 in investing activities for the purchase of property and equipment.

Financing Activities

During the nine months ended September 30, 2014 and 2013, the Corporation did not use any cash in financing activities nor was it provided any cash from financing activities.

Financing activities did not provide any cash during fiscal 2013 or during fiscal 2012, as compared to $3,217,002 cash provided during fiscal 2011.

Commitments

The Corporation did not have any significant commitments or contractual obligations with any parties respecting executive compensation, consulting agreements or other matters, other than as disclosed below, as at September 30, 2014. Management services are provided on a month-to-month basis. The Corporation's future minimum payments under two month-to-month office leases are $10,835 during the year ended December 31, 2014. The Corporation expects to satisfy these commitments from working capital available to the Corporation. If the working capital is not sufficient for these purposes, the Corporation intends to raise additional funds through equity or debt financings. See "Going Concern" and "Risk Factors".

The Corporation has received monthly funding of its working capital requirements from its largest shareholder, President and CEO, Mr. Ross J. Tocher, who has continued his commitment to support the development of the Corporation's software product offering until it can be successfully brought to market. As of September 30, 2014, $6,154,572 (December 31, 2013: $4,534,392) was owed to Mr. Tocher and companies controlled by him. In addition, $11,242 (December 31, 2013 - $12,889) owed to a company controlled by the Corporation's Chief Financial Officer, Mr. Kevin Kortje, and $4,684 payable to a company controlled by a director of the Corporation, Mr. Brian Petersen (December 31, 2013: $nil), were included in amounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing and due on demand. There is a risk that the Corporation will not have the financial resources to satisfy this debt if and when payment is demanded. However, Mr. Tocher has agreed not to make demand on any indebtedness owing to him for a period of two years commencing January 1, 2014. See "Related Party Transactions".

Going Concern

Due to the uncertainty of the Corporation's ability to meet its current operating and capital expenses, in its report on the Corporation's annual financial statements for the year ended December 31, 2013, the Corporation's independent auditors included an explanatory paragraph regarding concerns about its ability to continue as a going concern.

The Corporation has incurred an accumulated deficit of $13,202,901 for the period from inception on October 5, 2000 to September 30, 2014, has a stockholders' deficiency and has minimal revenues. The Corporation owed $6,170,498 to related parties as of September 30, 2014, which amount is unsecured, non-interest bearing and due on demand. There is a risk that the Corporation will not have the financial resources to satisfy this debt if and when payment is demanded. See "Related Party Transactions".

There is substantial doubt about the Corporation's ability to continue as a going concern, as the continuation of its business is dependent on the development of proprietary software, know-how and hardware. The future of the Corporation is dependent upon its ability to obtain adequate financing and upon future profitable operations from advertising sales. Management has plans to seek additional capital through debt or equity financings. The issuance of additional equity securities by the Corporation could result in a significant dilution in the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Corporation's liabilities and future cash commitments.

Off-Balance Sheet Arrangements

The Corporation has no significant off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial condition, changes in financial position, revenues and expenses, results of operations, liquidity, capital expenditures or capital resources that are material to shareholders.

Related Party Transactions

As of September 30, 2014, amounts owing to related parties consisted of $6,154,572 (December 31, 2013 - $4,534,392) owed to Ross Tocher, the Corporation's President, CEO and controlling shareholder, and R.J. Tocher Holdings Ltd., a company controlled by Mr. Tocher; $11,242 (December 31, 2013 - $12,889) owed to KII Management Inc., a company controlled by Kevin Kortje, the CFO of the Corporation; and $4,684 owed to BK Petersen Holdings Ltd., a company controlled by Brian Petersen, a director of the Corporation. The amounts owed are unsecured, non-interest bearing and due on demand. Mr. Tocher has, however, agreed not to make demand on the amounts owing to R.J. Tocher Holdings Ltd. for a period of two years commencing January 1, 2014.

During the nine months ended September 30, 2014, the Corporation carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties. In particular, the Corporation paid or accrued management fees of $172,768 (2013: $173,802) as follows: CDN$90,000 to Greg Dureault Personal Law Corporation, a company controlled by Greg Dureault, Vice President of the Corporation, CDN$30,000 to KII Management Inc., a company controlled by Kevin Kortje, the CFO of the Corporation, and CDN$54,000 owed to BK Petersen Holdings Ltd., a company controlled by Mr. Petersen, a director of the Corporation. An exchange rate of 0.9139 was used for the translation of Canadian to US dollars for the September 30, 2014 financial statements. The Corporation also recorded stock-based compensation of $37,216 as consulting fees paid to directors and officers during the nine months ended September 30, 2014 (2013: $3,972).

For fiscal 2013, the Corporation carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties. In particular, the Corporation paid management fees of $140,000 to Greg Dureault Personal Law Corporation, a company controlled by Mr. Dureault, $40,000 to Lizete Dureault and $60,000 to KII Management Inc., a company controlled by Mr. Kortje. The Corporation also recorded stock-based compensation of $3,972 as consulting fees paid to directors and officers during fiscal 2013, which decreased from $50,004 during fiscal 2012.

For fiscal 2012, the Corporation carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("**FASB**") issued Accounting Standards Update ("**ASU**") No. 2013-04, *Liabilities* (Topic 405): *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed* at the Reporting Date. The amendments in ASU 2013-04 provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this update is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this update also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendments in this standard are effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Corporation's January 1, 2014 adoption of the updated guidance had no impact on the Corporation's consolidated financial position, results of operations or cash flows.

In April 2013, the FASB issued ASU No. 2013-07, *Presentation of Financial Statements (Top 205): Liquidation Basis of Accounting*. The objective of ASU No. 2013-07 is to clarify when an entity should apply the liquidation basis of accounting and to provide principles for the measurement of assets and liabilities under the liquidation basis of accounting, as well as any required disclosures. The amendments in this standard is effective prospectively for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. The Corporation's January 1, 2014 adoption of the updated guidance had no impact on the Corporation's consolidated financial position, results of operations or cash flows.

In March 2013, ASC guidance was issued related to Foreign Currency Matters to clarify the treatment of cumulative translation adjustments when a parent sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. The updated guidance also resolves the diversity in practice for the treatment of business combinations achieved in stages in a foreign entity. The update is effective prospectively for the Corporation's fiscal year beginning January 1, 2014. The Corporation's January 1, 2014 adoption of the updated guidance had no impact on the Corporation's consolidated financial position, results of operations or cash flows.

In July 2013, guidance was issued related to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The updated guidance requires an entity to net its unrecognized tax benefits against the deferred tax assets for net operating loss carryforwards, similar tax losses, or tax credit carryforwards in the same jurisdiction. A gross presentation will be required only if such carryforwards are not available or would not be used by the entity to settle any additional income taxes resulting from disallowance of the uncertain tax position.

The update is effective prospectively for the Corporation's fiscal year beginning January 1, 2014. The Corporation's January 1, 2014 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows. The Corporation

is considered to be in the development stage. During the nine months ended September 30, 2014, the Corporation has elected to early adopt ASU No. 2014-10, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements*. The adoption of this ASU allows the Corporation to remove the inception to date information and all references to development stage.

7. Market for Securities

The Shares are currently quoted on the OTC Pink Sheets (the "**OTC**") under the symbol "QWIKF" and have not traded since August 9, 2011, when the last trade was effected at $0.70.

8. Consolidated Capitalization

There have been no material changes in the share and loan structure of the Corporation since September 30, 2014.

9. Options to Purchase Securities

The following table sets forth, as at March 9, 2015, the amount and terms of currently outstanding options to acquire common shares the Corporation has granted to all directors, past directors, executive officers, past executive officers, all other employees and past employees, consultants and any other person or company. The Corporation has not granted options to any person who is not, or was not previously, a director, officer, employee or consultant. Exercise prices shown reflect the consolidation of the Corporation's common share capital.

Category	Aggregate Number of Individuals	Aggregate Number of Options	Date of Grant	Exercise Price	Grant Date Fair Value	Expiry Date
Directors and Past Directors	5	1,500,000	Jan 28, 2011	$0.20	$0.20	Dec 29, 2015
	1	75,000	Nov 1, 2011	$0.60	$0.60	Nov 1, 2015
Executive Officers and Past Executive Officers	2	600,000	Apr 29, 2014	$0.20	$0.20	Apr 30, 2019
Employees and Past Employees	1	300,000	May 1, 2011	$0.20	$0.20	Dec 29, 2015
	1	75,000	Mar 1, 2012	$0.60	$0.60	Feb 28, 2015
TOTAL	**10**	**2,550,000**				

10. Description of the Securities

10.1 Authorized Capital

The authorized capital of the Corporation is as follows:

Class of Shares	Par Value	Number Authorized	Number Issued
Common Shares	$0.001	400,000,000	71,128,456
Preferred Shares	$0.001	100,000,000[(1)]	2,027,945

(1) Effective November 15, 2011, the Corporation designated 25,000,000 Preferred Shares as Class A Shares. The Class A Shares carry certain rights and restrictions that include redemption and retraction rights. Each Class A Share may be converted from time to time into one Share, at the holder's option, at a price of $1.50 per Share until July 31, 2015.

Shares

Holders of the Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, and each Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The Shares are, subject to the prior rights of the Preferred Shares, entitled to any dividend declared by the Board and confer upon the holders thereof rights in a winding-up.

Preferred Shares

The Preferred Shares may be issued in one or more series, are entitled to any dividends in priority to the Shares, confer upon the holders thereof rights in a winding-up in priority to the Shares and may have such other rights, privileges and conditions (including voting rights) as the Board may determine prior to the fist allotment of any series of Preferred Shares, provided that if a series of Preferred Shares has no or limited voting rights it shall be designated as such by the Board.

Class A Shares

The Class A Shares have voting rights (one vote per share) equal to those of the Shares. The Class A Shares carry a cumulative cash dividend of 10% per annum. The holders of Class A Shares have the right, at any time, to convert each Class A Share into one Share at a conversion price of $1.50 per Share until July 31, 2015. At any time, the holders of the Class A Shares may elect to have the Corporation redeem the Class A Shares for an amount equal to $1.00 per share. At any time, the Corporation may redeem the Class A Shares for an amount equal to $1.00 per share. The Corporation has classified the Class A Shares as temporary equity because they are redeemable beyond the control of the Corporation.

10.2 Not applicable.

10.3 Not applicable.

10.4 Not applicable.

10.5 The provisions in the Corporation's Articles of Association attaching to the Shares and the Preferred Shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the Shares and two-thirds of the Preferred Shares, respectively, present in person or by proxy at any such meeting of the holders of shares of the applicable class.

10.6 Not applicable.

10.7 Other than as set out below, the Corporation has not issued any Shares, or any securities convertible into or exchangeable for Shares, in the twelve months preceding the date of this Listing Statement.

On April 29, 2014, the Corporation announced the appointments of Messrs. William R. LeClair and Steven Koles to the Board and issued each of them stock options to purchase 300,000 Shares, subject to the terms of the Stock Option Plan. The stock options vest over a two year period, with 100,000 vesting on the date of grant, 100,00 vesting on the first anniversary date and 100,000 vesting on the second anniversary date. Each stock option allows the holder to purchase one Share at a price of $0.20 per Share until April 30, 2019.

10.8 Stock Exchange Price

The Shares are currently quoted on the OTC Pink Sheets under the symbol "QWIKF" and have not traded since August 9, 2011, when the last trade was effected at $0.70.

11. Escrowed Securities

As of the date of this Listing Statement, none of the Shares are held in escrow. CSE policies provide that all securities issued to related persons are generally required to be subject to an escrow agreement pursuant to NP 46-201 prior to Listing, and that the CSE may impose escrow arrangements that are in addition to those required by NP 46-201, or consider different proposals such as an "earn-out" escrow, on a case-by-case basis. NP 46-201 generally does not apply to a prospectus that does not offer securities to the public, such as a prospectus that an issuer files with a securities regulator only to become a "reporting issuer". It is not expected that any of the securities of the Corporation will be subject to escrow upon Listing.

12. Principal Shareholders

12.1 To the knowledge of the directors and officers of the Corporation, as of the date of this Listing Statement, no person beneficially owns or exercises control or direction over, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, other than as set out in the following table:

Name	Number and Class of Securities	Type of Ownership	Percentage of Outstanding Class
Ross J. Tocher	30,025,135 Shares(3)	Direct and Indirect(3)	42.21%(1)(5)
	2,027,945 Class A Shares(4)	Direct	100%(2)

(1) Based on 71,128,456 Shares issued and outstanding as of the date of this Listing Statement, on an undiluted basis.

(2) Based on 2,027,945 Class A Shares issued and outstanding as of the date of this Listing Statement.

(3) Includes 6,171,021 Shares held by R.J. Tocher Holdings Ltd., a private company controlled by Mr. Tocher, 15,594,628 Shares held by Concept Financial Inc., a private company controlled by Mr. Tocher, and 8,259,486 Shares held by In Touch Digital Media, a private company controlled by Mr. Tocher. Does not include 300,000 stock options that are each convertible into one Share at a price of $0.20 per Share until December 29, 2015.

(4) Each Class A Share is convertible into one Share at a conversion price of $1.50 per Share until July 31, 2015.

(5) Assuming conversion of all Class A Shares and the exercise of all stock options held by Mr. Tocher, he would hold 32,353,080 Shares, representing approximately 44% of the 73,456,401 outstanding Shares on a partially-diluted basis (assuming conversion of all outstanding Class A Shares and exercise of all outstanding stock options held by Mr. Tocher).

13 Directors and Officers

13.1 The following table sets out information concerning directors and executive officers of the Corporation:

Name, Jurisdiction of Residence and Position Held with the Corporation	Principal Occupation During the Past Five Years(1)	Director Since	Number of Shares Owned(1)
Ross J. Tocher BC, Canada *President, CEO and Director*	President and CEO of the Corporation since September 10, 2008. In 2008, he founded InTouch Digital Media Inc. to commence interactive kiosk business in China.	September 10, 2008 January 28, 2011(1)	30,025,135 Shares(2) – 41.21% 2,027,945

Name, Jurisdiction of Residence and Position Held with the Corporation	Principal Occupation During the Past Five Years[1]	Director Since	Number of Shares Owned[1]
			Class A Shares – 100%
Barbara Welsh BC, Canada *Director*	President and founder of Welsh Sales Solutions Ltd., a company that is focused on providing revenue for video screens and has exclusive contracts for many of the most successful out-of-home video networks in Canada and the United States, since 2002.	January 28, 2011	Nil[3]
Brian Petersen[7] Alberta, Canada *Director*	President of BK Petersen Holdings Ltd, a company that provides financial and capital markets consulting services. Mr. Petersen has over 23 years of experience as an investment banker, including 16 years with RBC Capital Markets. He was Head of Energy Investment Banking for Stonecap Securities Inc. from 2011 until 2013. Previously, between 2005 and 2010, Mr. Petersen provided investment banking expertise to Cormark Securities Inc., and founded and sold to Versant Partners Inc. his interest in a boutique banking firm, Petersen Capital Corp. From January to June 2013, Mr. Petersen was the CEO of CIEBA Energy Services (CEB: TSX-V). Mr. Petersen is a Chartered Financial Analyst and a member of the Association for Investment Management and Research. He is also a consultant to, and board member of, Ceiba Energy Services Inc. (TSXV:CEB)	January 28, 2011	Nil[4]
Ted Cowie BC, Canada *Director*	Founder and President of Genuine Advertising since 2000. Mr. Cowie has over 45 years of experience as a sales, marketing and advertising executive.	June 25, 2013	Nil[5]
William LeClair[7] BC, Canada *Director*	Independent businessman, and former president, CEO, CFO, Executive Vice President and Corporate Secretary of Crew Gold Corporation, where worked in such different capacities between 2005 and 2010.	April 30, 2014	Nil[6]
Steven Koles[7] Alberta, Canada *Director*	President & CEO of HiFi Engineering, which provides high fidelity remote monitoring systems for the energy industry, since May 2014. Mr. Koles was previously President & CEO of Hemisphere GPS, a designer of innovative, high accuracy GPS based products for positioning, guidance, and machine control applications, from September 2006 to September 2012, as well as Vice President and General Manager at AOL (Time Warner) Canada from March 2003 to June 2006.	April 30, 2014	Nil[6]
Kevin R. Kortje BC, Canada *CFO*	CFO of the Corporation since January 18, 2011. President and founder of Middle Earth Technologies Ltd., an accounting and payroll deductions software development company, since 2002. Mr. Kortje is a Chartered Accountant with over 25 years accounting, taxation and software development experience.	January 28, 2011	Nil[3]
Gregory G. Dureault BC, Canada *Senior Vice President and General Counsel*	Senior Vice President and General Counsel for the Corporation since January 28, 2011. Mr. Dureault has been a member of the British Columbia Law Society since 1985 and was a founding partner in three Vancouver law firms. In 2008, he co-founded InTouch Digital Media Inc. to commence interactive kiosk business in China.	January 28, 2011	Nil[3]

(1) Mr. Tocher has served as the Corporation's President and CEO since September 10, 2008. He has served as Chairman of the Board since January 28, 2011.

(2) Includes 6,171,021 Shares held by R J Tocher Holdings Ltd., a private company wholly owned by Mr. Tocher, 15,594,628 Shares held by Concept Financial Inc., a private company wholly owned by Mr. Tocher, and 8,259,486 Shares held by In Touch Digital Media, a private company wholly owned by Mr. Tocher. In addition to these Shares and Class A Shares, Mr. Tocher holds stock options to acquire 300,000 Shares at an exercise price of $0.20 per Share until December 29, 2015.

(3) Each of Ms. Welsh, Mr. Kortje and Mr. Dureault hold stock options to acquire 300,000 Shares at an exercise price of $0.20 per Share until December 29, 2015.

(4) Mr. Petersen holds stock options to acquire 300,000 Shares at an exercise price of $0.20 per Share until December 29, 2015.

(5) Mr. Cowie holds stock options to acquire 75,000 Shares at an exercise price of $0.20 per Share until November 1, 2015.

(6) Each of Messrs. LeClair and Koles hold stock options to acquire 300,000 Shares at an exercise price of $0.20 per Share until April 30, 2019.

(7) Audit Committee member.

13.2 The table above sets forth the period during which each director has served as a director. All directors hold office until the next annual meeting of shareholders or until their earlier death, resignation or removal.

13.3 As a group, the directors and executive officers of the Corporation beneficially own, and exercise control and direction over, an aggregate of 30,025,135 Shares and 2,027,945 Class A Shares, or approximately 41.21% of the outstanding Shares and 100% of the outstanding Class A Shares, on an undiluted basis, as at March 9, 2015.

13.4 The Company has an Audit Committee, comprised of Brian Petersen, Steven Koles and William LeClair.

13.5 Details of the principal occupations of any director or executive officer of the Corporation are set forth in the table above.

13.6 No director or officer of the Corporation, or shareholder holding a sufficient number of securities to affect materially control of the Corporation is, or within 10 years before the date of this Listing Statement, has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied such other issuer access to any exemptions under Ontario securities law for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in such other issuer being the subject of a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for a period of more than 30 consecutive days;

(c) 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

(d) 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.

13.7 No director or officer of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has been subject to:

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

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

13.8 Not applicable.

13.9 No director or officer of the Corporation, or shareholder holding a sufficient number of securities to affect materially control of the Corporation, or a personal holding company of any such persons, has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

13.10 Certain of the directors and officers of the Corporation will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Corporation may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the Corporation, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

13.11 The Company's management team is comprised of the persons set out in the table in 13.1 above.

14. Capitalization

14.1 The following table sets out information regarding the Shares:

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)	71,128,456	75,706,401	100%	100%
Held by Related Persons or employees of the Corporation or Related Person of the Corporation, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation upon exercise or conversion of other securities held) (B)	34,923,345	39,501,290	49.1%	52.2%
Total Public Float (A-B)	**36,205,111**	**36,205,111**	**50.9%**	**47.8%**

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
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)	30,025,135	32,353,080	42.2%	42.7%
Total Tradeable Float (A-C)	**41,103,321**	**43,353,321**	**57.8%**	**57.3%**

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "public securityholders" of the Corporation, being persons other than persons enumerated in section (B) of the previous chart:

Class of Security: Common Shares		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	33	33,000
2,000 – 2,999 securities	23	46,000
3,000 – 3,999 securities	4	12,000
4,000 – 4,999 securities	-	-
5,000 or more securities	134	36,114,111
TOTAL:	**194**	**36,205,111**

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public securityholders" of the Corporation, being persons other than persons enumerated in section (B) of the issued capital chart who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Corporation has been given written confirmation of shareholdings:

Class of Security: Common Shares		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	33	33,000
2,000 – 2,999 securities	22	44,000
3,000 – 3,999 securities	4	12,000
4,000 – 4,999 securities	-	-
5,000 or more securities	133	35,510,111
Unable to confirm	2	606,000

Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "non-public securityholders" of the Corporation, being persons enumerated in section (B) of the issued capital chart:

Class of Security: Common Shares		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	3	34,923,945
TOTAL:	**3**	**34,923,945**

14.2 The following table sets out information regarding any securities convertible or exchangeable into any class of listed securities:

Description of Security	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Preferred Shares	2,027,945[(1)]	2,027,945
Stock Options	2,550,000[(2)]	2,550,000

(1) Each Class A Share may be converted from time to time into one Share, at the holder's option, at a price of $1.50 per Share until July 31, 2015.

(2) Consists of 75,000 options exercisable into one Share at a price of $0.60 per Share until February 28, 2015, 75,000 options exercisable into one Share at a price of $0.60 per share until November 30, 2015, 1,800,000 options exercisable into one Share at a price of $0.20 per Share until December 29, 2015 and 600,000 options exercisable into one Share at a price of $0.20 per Share until April 30, 2019.

14.3 Not applicable.

15. Executive Compensation

15.1 Compensation Discussion and Analysis

Compensation Discussion and Analysis and Compensation Governance

The overall objective of the Corporation's compensation strategy is to offer medium-term and long-term compensation components to ensure that the Corporation has in place programs to attract, retain and develop management of the highest caliber and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the CEO, if any, in this regard. The Corporation currently has short and long-term compensation components in place, and intends to further develop these compensation components. The Corporation pays consulting fees to certain NEOs, which represents the short- term compensation component, and grants stock options to NEOs to satisfy the long-term compensation component. The objectives of the Corporation's compensation policies and procedures are to align the interests of the Corporation's employees with the interests of the Corporation's shareholders. The Corporation currently uses fees and grants of stock options to compensate its NEOs.

The Corporation does not currently have in place a Compensation and Nominating Committee. All tasks related to developing and monitoring the Corporation's approach to the compensation of officers of the Corporation, and to developing and monitoring the Corporation's approach to the nomination of directors to the Board, are performed by the members of the Board. The compensation of the NEOs and the Corporation's employees is reviewed, recommended and approved by Board.

Under the Corporation's compensation policies and practices, NEOs and directors are not prevented from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, the Board does not believe that the Corporation's compensation policies and practices encourage executive officers to take unnecessary or excessive risk.

Share-based and Option-based Awards

Grants of stock options are made under the Corporation's Stock Option Plan. The Board adopted the Stock Option Plan on January 28, 2011, with an effective date of October 25, 2010. It provides for the grant of options to the Corporation's directors, officers, employees, advisors and

consultants, and is administered by the Board. The maximum number of Shares which may be reserved and set aside for issuance under the Stock Option Plan is 6,620,230 Shares. Each option, upon its exercise, entitles the grantee to acquire one Share. The exercise price of the Shares that may be acquired upon exercise of options is determined by the Board at the time of grant. Stock options may be granted under the Stock Option Plan for an exercise period of up to ten years from the date of grant of the option, or such lesser period as may be determined by the Board. Options granted under the Stock Option Plan vest as determined by the Board. Options granted under the Stock Option Plan are generally non-transferable, other than upon the option holder's death. The rights to vested but unexercised options cease to be effective on the earlier of: (1) 18 months after the death of the option holder; (2) 6 months after a change of control of the Corporation; (3) 12 months after loss of office due to health related incapacity or redundancy; or (4) 12 months after the retirement of the option holder from a position with the Corporation.

The Corporation does not have in place a Compensation and Nominating Committee. Accordingly, decisions regarding the grant of options are made by the Board. The Board takes into account previous grants of option-based awards when making decisions about new grants.

Summary Compensation Table

As financial information for the fiscal year ended December 31, 2014 is not yet available, the following table sets out information regarding compensation paid or accrued to the Corporation's NEOs during the Corporation's financial years ended December 31, 2013, December 31, 2012 and December 31, 2011:

Name and Principal Position	Year	Salary ($)	Share-based Awards ($)	Option-based Awards ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compen-sation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Ross J. Tocher *President, CEO and Director*(1)	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	23,139(4)	Nil	Nil	Nil	Nil	23,139
Kevin Kortje *CFO*(2)	2013	Nil	Nil	Nil	Nil	Nil	Nil	60,000(5)(6)	60,000
	2012	Nil	Nil	Nil	Nil	Nil	Nil	60,000(5)	60,000
	2011	Nil	Nil	23,139(4)	Nil	Nil	Nil	Nil	83,139
Gregory G. Dureault *Senior Vice President and General Counsel*(3)	2013	Nil	Nil	Nil	Nil	Nil	Nil	140,000(6)	140,000
	2012	Nil	Nil	Nil	Nil	Nil	Nil	180,000(6)	180,000
	2011	Nil	Nil	23,139(4)	Nil	Nil	Nil	180,000(6)	203,139

(1) Mr. Tocher was appointed as the President and CEO of the Corporation effective September 10, 2008.

(2) Mr. Kortje was appointed as the CFO of the Corporation effective January 28, 2011.

(3) Mr. Dureault was appointed as an officer of the Corporation effective January 28, 2011.

(4) The Corporation used the Black-Scholes option pricing model for determining fair value of options issued at grant date. The Black-Scholes option valuation was determined using the expected life of the option, expected volatility of the Share price, expected dividend yield, and risk-free interest rate. The key assumptions are as follows: risk free

interest rate of 1.92%, expected life of 4.54 to 5 years, expected stock price volatility of 66%; and expected dividend yield of 0%.

(5) Mr. Kortje receives consulting fees of $5,000 per month, payable quarterly. The consulting fees are paid to Mr. Kortje's personal corporation, KII Management Inc.

(6) Mr. Dureault formerly received consulting fees of $15,000 per month, reduced to $10,000 per month effective May 1, 2013, payable monthly. The consulting fees are paid to Mr. Dureault's personal corporation, Greg Dureault Personal Law Corp.

Narrative Discussion

On January 28, 2011, the Corporation entered into a consulting agreement with KII Management Inc., a company controlled by the Corporation's CFO, Kevin Kortje, pursuant to which the Corporation agreed to pay KII Management Inc. consulting fees of $5,000 per month. The term of the Corporation's consulting agreement with KII Management Inc. is on-going but capable of termination on 2 months' notice.

On May 1, 2013, the Corporation entered into a revised consulting agreement with Greg Dureault Personal Law Corp., a company controlled by the Corporation's Senior Vice-President and General Counsel, Greg Dureault, pursuant to which the Corporation agreed to pay Greg Dureault Personal Law Corp. $10,000 per month. The term of the Corporation's consulting agreement with Greg Dureault Personal Law Corp. is on-going but capable of termination on 2 months' notice.

Other than as set forth above, during the financial years ended December 31, 2013, December 31, 2012 and December 31, 2011, no NEO received compensation pursuant to:

(a) any standard arrangement for the compensation of NEOs for their services in their capacity as NEOs, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of NEOs in their capacity as NEOs; or

(c) any arrangement for the compensation of NEOs for services as consultants or expert.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

There was no re-pricing of stock options under the Stock Option Plan or otherwise during the Corporation's financial year ended December 31, 2013.

The Corporation has not granted any Share-based awards. The following table sets forth the outstanding option-based awards for each of the NEOs as at December 31, 2013:

Name	Number of securities underlying unexercised options (#)	Option-based Awards		
		Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)
Ross J. Tocher	300,000	$0.20	Dec 29, 2015	$150,000(1)

Kevin Kortje	300,000	$0.20	Dec 29, 2015	$150,000[1]
Gregory Dureault	300,000	$0.20	Dec 29, 2015	$150,000[1]

[1] Calculated based on the difference between the market price of the Shares at December 31, 2013 and the option exercise price. The last closing price of the Shares on the OTC was $0.70 on August 9, 2011, being the last day that the Shares traded.

Incentive Plan Awards – Value Vested or Earned During the Year

The Corporation did not grant any stock options to any NEOs during the most recently completed financial year ended December 31, 2013. The following table sets forth details of the value vested or earned for all incentive plan awards by each NEO during the year ended December 31, 2013.

Name	Option-based Awards – Value vested during the year	Share-based Awards – Value vested during the year	Non-equity Incentive Plan Compensation – Value earned during the year
Ross J. Tocher	$37,500[1]	N/A	N/A
Kevin Kortje	$37,500[1]	N/A	N/A
Gregory G. Dureault	$37,500[1]	N/A	N/A

[1] Each of Messrs. Tocher, Kortje and Dureault held 75,000 Options, each exercisable at a price of $0.20 per Share, that vested on January 28, 2013. The amount shown is calculated based on the difference between the market price of the Shares on the vesting date of $0.70 per Share and the Option exercise prices. The last closing price of the Shares on the OTC was $0.70 on August 9, 2011, being the last day that the Shares traded.

Narrative Discussion

See "Share-based and Option-based Awards" for a description of all plan based awards and their significant terms.

Pension Plan Benefits

The Corporation does not have a pension plan that provides for payments or benefits to NEOs at, following, or in connection with retirement.

Termination and Change of Control Benefits

There are no compensatory plans, contracts or arrangements where a NEO is entitled to receive more than $120,000 from the Corporation or its subsidiaries, including periodic payments or installments, in the event of the resignation, retirement or other termination of employment of the NEO or of a change of control of the Corporation or its subsidiaries.

Director Compensation

Director Compensation Table

As financial information for the fiscal year ended December 31, 2014 is not yet available, the following table sets out information regarding compensation paid or accrued to the Corporation's directors, other than NEOs, during the Corporation's financial year ended December 31, 2013.

Name and Principal Position	Year	Salary ($)	Share-based Award ($)	Option-based Award ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compen-sation ($)	Total Compen sation ($)
					Annual Incentive Plan	Long-term Incentive Plan			
Barbara Welsh *Director*(1)	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ted Cowie(2) *Director*	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brian Petersen *Director*	2013	Nil	Nil	Nil	Nil	Nil	Nil	6,000(3)	6,000

(1) Ms. Welsh and Mr. Petersen were appointed as directors effective January 28, 2011.

(2) Mr. Cowie was appointed as a director effective June 25, 2013.

(3) Mr. Petersen receives consulting fees of $12,000 per month, payable monthly. The consulting fees are paid to Mr. Petersen's corporation, B.K. Petersen Holdings Ltd.

Narrative Discussion

On October 15, 2013, the Corporation entered into a consulting agreement with BK Petersen Holdings Ltd., a company controlled by Brian Petersen, a director of the Corporation, pursuant to which the Corporation agreed to pay BK Petersen Holdings Ltd. consulting fees of $12,000 per month, plus finder's fees ranging from 2.5% to 5%, subject to applicable securities laws in connection with assisting the Corporation with future business development or financing opportunities. The term of the Corporation's consulting agreement with BK Petersen Holdings Ltd. was initially until April 15, 2014 but has automatically renewed monthly since then. The agreement may be terminated on one months' notice**.**

Other than as set forth above, during the financial years ended December 31, 2013, December 31, 2012 and December 31, 2011, no director, who was not also a NEO, received compensation pursuant to:

(a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or

(c) any arrangement for the compensation of directors for services as consultants or experts.

Incentive Plan Awards for Directors

Outstanding Share-based Awards and Option-based Awards

The Corporation has not granted any Share-based awards. The following table sets forth the outstanding Option-based awards for each of the directors of the Corporation, who were not also NEOs, as at December 31, 2013:

	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)
Brian Petersen	300,000	$0.20	December 29, 2015	$150,000[1]
Barbara Welsh	300,000	$0.20	December 29, 2015	$150,000[1]
Ted Cowie	75,000	$0.60	November 1, 2015	$7,500[1]

(1) Calculated based on the difference between the market price of the Shares on the OTC at December 31, 2013 of $0.70 and the exercise price of the Options.

Incentive Plan Awards – Value Vested or Earned During the Year

The Corporation did not grant any Options to any directors during the most recently completed financial year ended December 31, 2013. The following table sets forth details of the value vested or earned for all incentive plan awards by each director, who is not also a NEO, during the year ended December 31, 2013.

Name	Option-based awards – Value vested during the year ($)[1]	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Brian Petersen	$37,500[2]	N/A	N/A
Barbara Welsh	$37,500[2]	N/A	N/A
Ted Cowie	$7,500[3]	N/A	N/A

(1) The amount shown is calculated based on the difference between the market price of the Shares on the vesting date of $0.70 per Share and the Option exercise prices. The last closing price of the Shares on the OTC was $0.70 on August 9, 2011, being the last day that the Shares traded.

(2) Each of Mr. Petersen and Ms. Welsh held 75,000 Options, each exercisable at a price of $0.20 per Share, that vested on January 28, 2013.

(3) Mr. Cowie held 75,000 Options, each exercisable at a price of $0.60 per Share, that vested on November 1, 2013.

Narrative Discussion of Incentive Plan Awards for Directors

Subsequent to the year ended December 31, 2013, William LeClair and Steven Koles were appointed as directors of the Corporation and were each granted 300,000 Options, each of which is exercisable into one Share at a price of $0.20 per Share until April 30, 2019. See "Share-based and Option-based Awards" for a description of all plan based awards and their significant terms.

16. Indebtedness of Directors and Executive Officers

16.1 No directors, executive officers or employees, and no former directors, executive officers or employees, of the Corporation or of any of its subsidiaries were indebted to the Corporation as at the date of this Listing Statement, in connection with a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

16.2 No directors or executive officers of the Corporation, or associates of such directors or executive officers, are or were indebted to the Corporation as at the date of this Listing Statement.

17. Risk Factors

17.1 *The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet*

identified or that we currently consider not to be material, actually occur or become material risks, our business, financial condition, results of operations and cash flows, and consequently the price of our Shares, could be materially and adversely affected. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements.

Risks Relating to our Business

The Corporation currently does not generate significant revenue from its operations, and as a result, we face a high risk of business failure.

We have generated minimal revenues from our planned operations to date. As of September 30, 2014, we had accumulated $13,202,901 in losses since inception. Our ability to generate revenues from planned advertising sales depends largely on our ability to provide a large interactive network of digital kiosks and digital TV screens that show our programs in high traffic locations at trade-show exhibitions and large retail stores and shopping malls. This, in turn, requires that we obtain specialized broadcast interactive television ("**micro-broadcast**") contracts or concession rights contracts in order to operate our business. As such, in order to generate significant revenues, we will incur substantial expenses in the development of our business. We therefore expect to incur significant losses in the foreseeable future. We recognize that if we are unable to generate significant revenues from our activities, our entire business may fail. There is no history upon which to base any assumption as to the likelihood that we will be successful in our plan of operation, and we can provide no assurance to investors that we will generate operating revenues or achieve profitable operations in the future.

If we are not able to effectively protect our intellectual property, our business may suffer a material negative impact and may fail.

The success of the Corporation will be dependent on our ability to protect and develop our technology; however, we have not yet obtained any patents or trademarks other than our U.S. trade name "Qwick Media". We completed our registration of the U.S. trade-name "Qwick Media", which was issued on September 20, 2011 under number 4,029,739. In addition, on March 30 2012, we applied under reference number 2065-100 for the Canadian trade name "Qwick Deal", and under application number 85739426 for the United States trade name, which applications remain pending in Canada and the United States, respectively. If we are unable to secure trademark and patent protection for our intellectual property in the future or that protection is inadequate for future products, our business may be materially adversely affected. Further, there is no assurance that our interactive kiosks and displays or other aspects of our business do not or will not infringe upon patents, copyrights or other intellectual property rights held by third parties. Although we are not aware of any such claims, we may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses and diversion of management time in defending against these third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us may result in substantial monetary liabilities, which may materially and adversely disrupt our business.

We have had negative cash flows from operations and if we are not able to obtain further financing, our business operations may fail.

We had cash in the amount of $161,120 and a working capital deficit of $6,244,774 as at September 30, 2014. If our current resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of convertible debt securities or additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on favorable terms could have a material adverse effect on our liquidity and financial condition and could cause our business to fail.

Our limited operating history may not provide an adequate basis to judge our future prospects and results of operations.

Prior to the acquisition of Qeyos, we were a shell company. As such, our limited operating history may not provide a meaningful basis for readers to evaluate our business, financial performance and prospects. It is also difficult to evaluate the viability of our plan to implement an interactive digital media micro-broadcast network and other advertising media dedicated to the DOOH sector because we do not have sufficient experience to address the risks frequently encountered by early stage companies using new forms of advertising media and entering new and rapidly evolving markets. It may be difficult for readers to evaluate our senior management team and their effectiveness, on an individual or collective basis, and their ability to address future challenges to our business.

If advertisers or the viewing public do not accept, or lose interest in, our planned interactive digital media network, we may be unable to generate sufficient cash flow from our operating activities, and our prospects and results of operations could be negatively affected.

The market for interactive digital media networks in North America is relatively new and its potential is uncertain. Our success depends on the acceptance of our interactive digital media network by advertising clients and agencies and their continuing and increased interest in this medium as a component of their advertising strategies. Interactive DOOH advertising is a new concept in North America. If we are not able to adequately track consumer responses to our programs, in particular tracking the demographics of consumers most receptive to interactive advertising, we will not be able to provide sufficient feedback and data to existing and potential advertising clients to help us generate demand and determine pricing. Without improved market research, advertising clients may reduce their use of interactive advertising and instead turn to more traditional forms of advertising that have more established and proven analytical methods of tracking effectiveness. If a substantial number of advertisers lose interest in advertising on our planned micro-broadcast digital media networks for these or other reasons, or become unwilling to purchase advertising time slots on our planned network, we will be unable to generate sufficient revenues and cash flow to operate our business, and our revenues, prospects and results of operations could be negatively affected.

We may depend on third-party program producers to provide the non-advertising content that we include in our interactive programs. Failure to obtain high-quality content on commercially reasonable terms could materially reduce the attractiveness of our micro-broadcast network, harm our reputation and cause our planned revenues to be unrealized or to decline.

We are planning for the majority of our interactive digital kiosks and TV screens to mix advertising and non- advertising content. We do not produce or create any of the non-advertising content included in our programs. All of the non-advertising content is provided by third-party

content providers, such as local television stations and television production companies. There is no assurance that we will be able to obtain non-advertising content on satisfactory terms, or at all. If we fail to obtain a sufficient amount of high-quality content on a cost-effective basis, advertisers may find advertising on our micro-broadcast networks unattractive and may not wish to purchase advertising time slots on our network, which would materially and adversely affect our ability to generate revenues from our advertising time slots and cause our revenues to decline and our business and prospects to deteriorate.

Because we may rely on third-party agencies to help source advertising clients, our failure to retain key third- party agencies or attract additional agencies on favorable terms could materially and adversely affect our revenue growth.

We plan to engage third-party agencies to assist us in sourcing advertising clients from time to time. We do not have any long-term or exclusive agreements with these agencies, and cannot assure that we will obtain or continue to maintain favorable relationships with them. If we fail to obtain and retain key third-party agencies or attract additional agencies, we may not be able to secure or retain advertising clients or attract new advertisers or advertising agency clients, and our business and results of operations could be materially adversely affected.

Because we may be dependent on a limited number of customers for a significant portion of our revenues, we may be vulnerable to the loss of major customers or delays in payments from these customers.

Given our limited operating history and the rapid growth of our industry, we may be dependent on a small number of customers. If we fail to sell our services to one or more key customers in any particular period, or if a large customer purchases less of our services or fails to purchase additional advertising time on our micro-broadcast networks, our revenues could be unrealized or could decline and our operating results could be adversely affected. In addition, the dependence on a small number of customers could leave us more vulnerable to delays in payments from these customers. If one of our larger customers is significantly delinquent with their payments, our financial condition may be materially and adversely affected.

We face significant competition in the global advertising industry, and if we do not compete successfully against new and existing competitors in North America and China, we may lose our market share, and our intended profitability may be adversely affected.

We face significant competition in the global advertising industry. We compete for advertising clients primarily on the basis of network size and coverage, location, price, the quality of our programs, the range of services that we offer and brand recognition. Significant competition could reduce our planned operating margins and profitability and result in a loss of intended market share. Some of our existing and potential competitors may have competitive advantages, such as significantly greater brand recognition, financial, marketing or other resources, and may be able to mimic and adopt our business model. In addition, several of our competitors have significantly larger advertising networks than we do, which gives them an ability to reach a larger number of overall potential consumers and which make them less susceptible to downturns in particular sectors, such as the interactive sector. Moreover, significant competition will provide advertisers with a wider range of media and advertising service alternatives, which could lead to lower prices and decreased revenues, gross margins and profits. We cannot assure you that we will be able to successfully compete against new or existing competitors.

Future acquisitions may have an adverse effect on our ability to manage our business.

We may acquire businesses, technologies, services or products which are complementary to our core interactive digital media network business. Future acquisitions may expose us to potential risks, which could have a material and adverse effect on our ability to manage our business, our revenues and net income. Further, we may need to raise additional debt funding or sell additional equity securities to make such acquisitions. The raising of additional debt funding by us, if required, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations, and the sale of additional equity securities could result in additional dilution to our shareholders.

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly from period to period in the future.

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly from period to period based on consumer spending and advertising trends in North America. As a result, period-to-period comparisons of our operating results may be unreliable as an indication of our future performance**.**

We may be subject to, and may expend significant resources in defending against, government actions and civil suits based on the content we provide through our interactive digital media network.

Civil claims may be filed against us for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of the information displayed on our network. If consumers find the content displayed on our network to be offensive, customers may seek to hold us responsible for any consumer claims or may terminate their relationships with us. Offensive and objectionable content and legal standards for defamation and fraud are defined in North America, but we may not be able to properly screen out unlawful content. In addition, if the security of our content management system is breached and unauthorized images, text or audio sounds are displayed on our network, viewers or the government may find these images, text or audio sounds to be offensive, which may subject us to civil liability or government censure despite our efforts to ensure the security of our content management system. Any such event may also damage our reputation. If our advertising viewers do not believe our content is reliable or accurate, our business model may become less appealing to viewers and our advertising clients may be less willing to place advertisements on our planned network.

Risks Related to Regulation of Our Business and to Our Structure

We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and the diversion of resources.

Insurance companies offer limited business insurance products and do not, to our knowledge, offer business liability insurance suitable to management. While business disruption insurance is available, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except for directors liability and fire insurance, we do not have any business liability, disruption or litigation insurance coverage for our development operations. Any business disruption or litigation may result in our incurring substantial costs and the diversion of resources.

Compliance with advertising laws and regulations may be difficult and could be costly, and failure to comply could subject us to government sanctions.

Advertising laws and regulations require advertisers, advertising operators and advertising distributors, including businesses such as ours, to ensure that the content of the advertisements they prepare or distribute are fair and accurate and are in full compliance with applicable laws. Violation of these laws or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, government may revoke a violator's license for advertising business operations. We endeavor to comply with applicable laws, including by requesting relevant documents from advertisers. However, we cannot assure that each advertisement that an advertiser or advertising agency client provides to us and which we include in our micro-broadcast network programs is in compliance with relevant advertising laws and regulations, or that the supporting documentation and government approvals provided to us by our advertising clients in connection with certain advertising content are complete. Although we review advertising content for compliance with relevant laws and regulations, we cannot assure that we will be able to properly review the content to comply with the standards imposed on us with certainty.

We may become, or be deemed to be, a passive foreign investment company, or PFIC, which could result in adverse United States federal income tax consequences to U.S. investors.

Based upon the past and projected composition of our income and valuation of our assets, including goodwill, we believe we were not a passive foreign investment company, or PFIC, for 2013, we do not expect to be a PFIC for 2014, and we do not expect to become one in the future. However, there can be no assurance in this regard. If we become, or are deemed to be, a PFIC, such characterization could result in adverse United States federal income tax consequences to U.S. investors. For example, U.S. investors would become subject to increased tax liabilities under United States federal income tax laws and regulations and would become subject to burdensome reporting requirements. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, we will be classified as a PFIC for United States federal income tax purposes if either: (i) 75% or more of our gross income in a taxable year is passive income, or (ii) the average percentage of our assets by value in a taxable year which produce or are held for the production of passive income (which includes cash) is at least 50%. The calculation of the value of our assets will be based, in part, on the then market value of the Shares, which is subject to change. We cannot assure you that we will not be a PFIC for 2014 or any future taxable year.

Risks Related to Doing Business in China

If the PRC government finds that the agreements that establish the structure for operating our business in the PRC do not comply with PRC governmental restrictions on foreign investment, we could be subject to severe penalties.

PRC regulations currently permit 100% foreign ownership of companies that provide software development services. Penalties for violations could include: revoking the business and operating licenses of our PRC subsidiary; discontinuing or restricting our PRC subsidiary's operations; imposing conditions or requirements with which we or our PRC subsidiary may not be able to comply; requiring us or our PRC subsidiary to restructure the relevant ownership structure or operations; or restricting or prohibiting our ability to finance our business and operations in the PRC. The imposition of any of these penalties could result in a material and adverse effect on our ability to conduct our business.

Adverse changes to the political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and have a material adverse effect on our competitive position.

Our business, financial condition, results of operations and prospects could be significantly affected by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including with respect to: the amount of government involvement; the level of development; the growth rate; the control of foreign exchange; and the allocation of resources. While the Chinese economy has experienced significant growth in the past 25 years, growth has been uneven both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may also have a negative effect on us. We cannot predict the future direction of political or economic reforms or the effects such measures may have on our business, financial position or results of operations. Any adverse change in the political or economic conditions in China, including changes in the policies of the PRC government or in laws and regulations in China, could have a material adverse effect on the overall economic growth of China and in the interactive advertising industry. Such developments could have a material adverse effect on our business, lead to reduction in demand for our services and materially and adversely affect our competitive position.

Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention.

We conduct our software development business in part through Wuxi, an indirect, wholly-owned subsidiary, which is subject to PRC laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly-foreign owned companies. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform, and enforcement of these laws, regulations and rules involve uncertainties, which may limit the legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

Fluctuations in exchange rates may have a material adverse effect on your investment.

The reporting and functional currency of the Corporation is the U.S. dollar. However, a substantial portion of the expected expenses of Wuxi may be denominated in the Canadian dollar and renminbi ("**RMB**"), the official currency of the PRC. The value of these currencies against the U.S. dollar may fluctuate and is affected by, among other things, changes in the political and economic conditions in Canada and China. Fluctuations in exchange rates, primarily those involving the U.S. dollar, may affect the relative purchasing power of our working capital and our balance sheet and earnings per share in U.S. dollars. In addition, appreciation or depreciation in the value of the foreign currencies relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we may issue which will be exchanged into U.S. dollars, and earnings from, and the value of, any U.S. dollar-denominated investments we make in the future. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Risks Relating to our Management

Because our President and CEO controls a large percentage of our Shares, he has the ability to influence matters affecting our shareholders.

Our President and CEO, Ross Tocher, beneficially more than 40% of our issued and outstanding Shares. As a result, he has the ability to influence matters affecting our shareholders, including the election of our directors, the acquisition or disposition of our assets, and the future issuance of securities. Because he controls such shares, investors may find it difficult to replace our management if they disagree with the way our business is being operated.

Our business depends substantially on the continuing efforts of our senior executives, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our senior executives and other key employees. In particular, we rely on the expertise, financial assistance and experience of our CEO, Ross J. Tocher. We rely on the industry expertise, experience in our business operations and sales and marketing of our senior executives and their working relationships with our employees, other major shareholders, advertising clients, micro-broadcast network sponsors and advertisers, and relevant government authorities. If one or more of our senior executives are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. If any of our senior executives joins a competitor or forms a competing company, we may lose clients, suppliers, key professionals and staff members.

Because executive management is free to devote time to other ventures, shareholders may not agree with their allocation of time.

Our executive officers and directors will devote only that portion of their time which, in their judgment and experience, is reasonably required for the management and operation of our business. Management may have conflicts of interest in allocating management time, services and functions among the Corporation and any present and future ventures which are or may be organized by our officers or directors and/or their affiliates. Management are not required to direct the Corporation as their sole and exclusive function, and they may have other business interests and engage in other activities in addition to those relating to the Corporation. This includes rendering advice or services of any kind to other investors and creating or managing other businesses.

The Board may change our operating policies and strategies without prior notice to shareholders or shareholder approval and such changes could harm our business and results of operations, and the value of our Shares.

We are governed by the laws of the Cayman Islands which, in some ways, allow management more flexibility than comparable Canadian corporate laws. The Board has the authority to modify or waive certain of our current operating policies and strategies without prior notice and without shareholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our Shares. Such changes could have a material adverse effect on our financial position or otherwise.

Our Articles of Association contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.

Our Articles of Association contain provisions with respect to the indemnification of our officers and directors against all costs, charges and expenses, including an amount paid to settle an action

or satisfy a judgment, actually and reasonably incurred by them in a civil, criminal or administrative action or proceeding to which they are made a party by reason of their being or having been a director or officer of the Corporation.

Risks Relating to the Shares

If our business is unsuccessful, our shareholders may lose their entire investment.

Although shareholders will not be bound by or be personally liable for our expenses, liabilities or obligations beyond their total original capital contributions, should we suffer a deficiency in funds with which to meet our obligations, the shareholders as a whole may lose their entire investment in the Corporation.

The Shares are illiquid and shareholders may be unable to sell their Shares.

The Shares have not traded on the OTC since April 2011 and, as such, there is currently an extremely limited market for the Shares. We can provide no assurance to investors that a market will develop. If a market for the Shares does not develop, our shareholders may not be able to re-sell the Shares that they have purchased and they may lose all of their investment. Public announcements regarding the Corporation, changes in government regulations and conditions in our market segment may cause the price of the Shares to fluctuate substantially. In addition, the OTC is not an exchange and, because trading of securities on the OTC is often more sporadic than the trading of securities listed on an exchange, you may have difficulty reselling any Shares you may acquire.

Investors' interests in the Corporation will be diluted and investors may suffer dilution in their net book value per Share if we issue additional Shares or raise funds through the sale of equity securities.

Our constating documents currently authorize the issuance of 400,000,000 Shares with a par value of $0.001 per Share and 100,000,000 preferred shares with a par value of $0.001. If we are required to issue any additional Shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in the Corporation will be diluted and investors may suffer dilution in their net book value per Share, depending on the price at which such securities are sold. If we issue any additional Shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in control of the Corporation.

Penny stock rules will limit the ability of our shareholders to sell their Shares.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. The Shares are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations,

and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our Shares.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a shareholder's ability to buy and sell our Shares.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our Shares and have an adverse effect on the market for the Shares.

We do not intend to pay dividends.

We have never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of a dividend. Because we do not intend to declare dividends, any gain on an investment in the Corporation will need to come through an increase in the price of our Shares. This may never happen and investors may lose all of their investment in the Corporation.

18. Promoters

18.1 The following table discloses information with respect to Ross J. Tocher, the sole promoter of the Corporation as the individual who structured and founded the Corporation as currently constituted, who holds an executive and director position with the Corporation:

Name	Date of Appointment as Promoter	Number of Shares Owned	Percentage of Shares	Number of Options Held
Ross J. Tocher	September 10, 2008	30,025,135 Shares[1] 2,027,945 Class A Shares	41.21% 100%%	300,000 Options exercisable at $0.20 per Share until December 29, 2015

[1] Includes 6,171,021 Shares held by R J Tocher Holdings Ltd., a private company wholly owned by Mr. Tocher, 15,594,628 Shares held by Concept Financial Inc., a private company wholly owned by Mr. Tocher, and 8,259,486 Shares held by In Touch Digital Media, a private company wholly owned by Mr. Tocher.

Mr. Tocher is currently a director and officer of the Corporation. Mr. Tocher does not receive specific compensation for services as a promoter. For details of compensation paid to Mr. Tocher, see "Executive Compensation".

18.2 Not applicable.

19. Legal Proceedings

19.1 Neither the Corporation nor any of its property was a party to, or the subject of, any legal proceeding since January 1, 2013, nor is the Corporation currently party to any material legal proceeding or contemplating any legal proceedings which are material to its business. From time to time, however, the Corporation may be subject to various claims and legal actions arising in the ordinary course of business. Management of the Corporation is not currently aware of any legal proceedings contemplated against the Corporation.

19.2 Management of the Corporation is not aware of any: (i) penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Listing Statement; or (ii) settlement agreements entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

20. Interest of Management and Others in Material Transactions

20.1 Other than as disclosed in this Listing Statement no director, executive officer or principal shareholder of the Corporation, or an associate or affiliate of any director, executive officer or principal shareholder of the Corporation, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this Listing Statement, or in any proposed transaction that has materially affected or will materially affect the Corporation or any subsidiary thereof.

21. Auditors, Transfer Agents and Registrars

21.1 The auditors of the Corporation are Morgan & Company LLP, Chartered Accountants, located at Suite 1488 – 700 West Georgia Street, Vancouver, British Columbia V7Y 1A1.

21.2 VStock Transfer, LLC, located at 18 Lafayette Place, Woodmere, New York, USA 11598, is the primary transfer agent that maintains the securities register and the register of transfers for the Shares. The Corporation has also appointed Equity Financial Trust Company, located at 200 University Avenue, Suite 300, Toronto, Ontario, Canada M5H 4H1, as its co-transfer agent and registrar for Canadian purposes.

22. Material Contracts

22.1 The material contracts which the Corporation has entered into during the last two years are set out below:

The Board adopted a Stock Option Plan on January 28, 2011, with an effective date of October 25, 2010. It provides for the grant of stock options to the Corporation's directors, officers, employees, advisors and consultants, and is administered by the Board. The maximum number of Shares which may be reserved and set aside for issuance under the Stock Option Plan is 6,620,230 Shares. Each Option, upon its exercise, entitles the grantee to acquire one Share. The exercise price of the Shares that may be acquired upon exercise of Options is determined by the Board at the time of grant. Stock options may be granted under the Stock Option Plan for an exercise

period of up to ten years from the date of grant of the Option, or such lesser period as may be determined by the Board. Options granted under the Stock Option Plan vest as determined by the Board. Options granted under the Stock Option Plan are generally non-transferable, other than upon the Option holder's death. The rights to vested but unexercised Options cease to be effective on the earlier of: (1) six months after the death of the Option holder; (2) six months after loss of office due to permanent disability; (3) three months after the retirement or resignation of the Option holder from a position with the Corporation; or (4) on the date when an Option holder's position is terminated by the Corporation, unless, in any case, otherwise provided in the applicable granting agreement.

On August 5, 2011, the Corporation issued a $1,000,000 convertible debenture to R.J. Tocher Holdings Ltd., a company owned by the Corporation's CEO. The debenture had a maturity date of July 30, 2015 and bears interest at 10% per annum. Principal and accrued interest on the debenture were to be convertible at any time into Shares at a deemed conversion price of: (i) $).60 per Share until July 30, 2012 (expired); (ii) $1.00 per Share between July 31, 2012 and July 30, 2013; and (iii) $1.50 per Share between July 31, 2013 and the maturity date. In November 2011, the terms of the debenture were amended to allow for the conversion of the principal amount of the debenture, and accrued interest thereon, into Class A Shares rather than Shares. Immediately upon the amendments becoming effective. R.J. Tocher Holdings Ltd. converted the principal amount of the debenture and accrued interest thereon into an aggregate of 1,027,945 Class A Shares, at a conversion price of $1.00 per Class A Share.

22.2 Not applicable.

23 Interest of Experts

23.1 Names of Experts

The audited financial statements of the Corporation included in this Listing Statement have been included in reliance upon the report of Morgan & Company LLP, Chartered Accountants and upon the authority of such firm as experts in accounting and auditing.

Interests of Experts

Based on information provided by the relevant persons, none of such persons or companies or any director, officer, employee or partner thereof have received or will receive direct or indirect interest in the property of the Corporation or of any associate or affiliate of the Corporation or have any beneficial ownership, direct or indirect, of securities of the Corporation. None of such persons is or is expected to be elected, appointed or employed as a director or employee of the Corporation.

23.2 Not applicable.

23.3 Not applicable.

23.4 Not applicable.

24. Other Material Facts

24.1 Not applicable.

25. Financial Statements

25.1 Interim Financial Statements for the nine months ended September 30, 2014 (unaudited) – Attached as Appendix A

Annual Financial Statements for the year ended December 31, 2013 (audited) – Attached as Appendix B

Annual Financial Statements for the year ended December 31, 2012 (audited) – Attached as Appendix C

Annual Financial Statements for the year ended December 31, 2011 (audited) – Attached as Appendix D

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Qwick Media Inc. hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Qwick Media Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 10th day of March, 2015

"Ross J. Tocher"

Ross J. Tocher
President, Chief Executive Officer, Promoter & Director

"Kevin Kortje"

Kevin Kortje
Chief Financial Officer

"Ted Cowie"

Ted Cowie
Director

"Barbara Welsh"

Barbara Welsh
Director

APPENDIX A

QWICK MEDIA INC.

CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2014 and 2013
(Unaudited)

(Stated in U.S. Dollars)

NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim consolidated financial statements they must be accompanied by a notice indicating that these interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the period ended September 30, 2014 have been prepared in accordance with United States generally accepted accounting principles and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or review of these interim consolidated financial statements.

QWICK MEDIA INC.

CONSOLIDATED BALANCE SHEETS
(Stated in U.S. Dollars)

		SEPTEMBER 30, 2014		DECEMBER 31, 2013
		(Unaudited)		
ASSETS				
Current				
Cash	**$**	**161,120**	$	241,327
Receivables		**196,464**		182,262
Loan receivable		**32,607**		–
Inventory		**218,393**		230,593
Prepaid expenses		**36,927**		2,161
Total Current Assets		**645,511**		656,343
Property and Equipment		**13,722**		37,077
Total Assets	**$**	**659,233**	$	693,420
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**153,998**	$	124,805
Due to related parties		**6,154,572**		4,529,913
Accrued dividends payable		**581,715**		430,035
Total Liabilities		**6,890,285**		5,084,753
Redeemable Preferred Stock		**2,027,945**		2,027,945
STOCKHOLDERS' DEFICIENCY				
Common Stock				
Authorized:				
400,000,000 common shares, $0.001 par value;				
100,000,000 preferred shares, $0.001 par value, and series as determined by directors.				
Issued:				
71,128,456 common shares at September 30, 2014 and December 31, 2013		**71,128**		71,128
Additional Paid-in Capital		**4,872,776**		4,835,551
Deficit Accumulated During The Development Stage		**(13,202,901)**		(11,325,957)
Total Stockholders' Deficiency		**(8,258,997)**		(6,419,278)
Total Liabilities and Stockholders' Deficiency	**$**	**659,233**	$	693,420

Going Concern, Commitments and Contractual Obligations (Notes 1 and 9)

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

QWICK MEDIA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2014	2013	**2014**	2013
Revenue	**$ 4,936**	$ 24,369	**$ 47,129**	$ 111,681
Expenses				
Advertising and promotion	**5,578**	10,669	**8,171**	13,152
Amortization	**10,025**	10,866	**23,927**	32,904
Consulting fees	**8,637**	717	**46,273**	21,880
Filing Fees	**(372)**	394	**4,606**	7,783
Foreign Exchange	**(3,911)**	(2,233)	**108,175**	73,309
Interest and bank charges	**52,490**	52,252	**156,355**	155,456
Inventory costs	**79**	–	**33,019**	–
Management fees	**71,628**	57,810	**213,894**	173,802
Office and administrative	**52,558**	55,808	**189,813**	188,517
Professional fees	**19,939**	20,833	**106,943**	101,032
Rent	**45,500**	55,095	**162,433**	161,975
Salaries, wages and benefits	**260,157**	282,115	**791,663**	887,936
Travel	**45,887**	4,771	**78,801**	59,427
Total Expenses	**568,195**	549,097	**1,924,073**	1,877,173
Net Loss For The Period	**$ (563,259)**	$ (524,728)	**$ (1,876,944)**	$ (1,765,492)
Basic And Diluted Loss Per Common Share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)
Weighted Average Number Of Common Shares Outstanding	**71,128,456**	71,128,456	**71,128,456**	71,128,456

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

QWICK MEDIA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)
(Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2014	2013
Cash Flows (Used In) Provided By:		
Operating Activities		
Net loss for the period	**$ (1,876,944)**	$ (1,765,492)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	**23,927**	32,904
Stock-based compensation	**37,225**	9,178
Changes in operating assets and liabilities:		
Receivables	**(14,202)**	(38,998)
Prepaid expenses	**(34,766)**	30
Inventory	**12,200**	(80,698)
Due to related parties	**1,624,659**	1,774,137
Accrued dividends payable	**151,680**	151,679
Accounts payable and accrued liabilities	**29,193**	(68,394)
Net cash provided by (used in) operating activities	**(47,028)**	14,346
Investing Activities		
Loan receivable	**(32,607)**	–
Purchase of property and equipment	**(572)**	–
Net cash (used in) investing activities	**(33,179)**	–
Net (decrease) increase in cash	**(80,207)**	14,346
Cash, Beginning Of Period	**241,327**	143,280
Cash, End Of Period	**$ 161,120**	$ 157,626
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ –**	$ –
Income taxes paid	**$ –**	$ –

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(Unaudited)
(Stated in U.S. Dollars)

1. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements as of September 30, 2014 included herein have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. It is suggested that these consolidated financial statements be read in conjunction with the December 31, 2013 audited consolidated financial statements and notes thereto. The operating results for the three months or the nine months ended September 30, 2014 are not necessarily indicative of the results that may be expected for future quarters or for the year ending December 31, 2014.

The unaudited interim consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of the Company's wholly owned subsidiaries, Qeyos Ad Systems Inc., incorporated in Canada, and Wuxi Xun Fu Information Technology Co., Ltd., incorporated in China. The Company's fiscal year-end is December 31. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2013.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Management evaluates estimates and judgments on an ongoing basis. Actual results could differ from these estimates. The significant areas requiring management's estimates and assumptions include the fair value of shares issued to settle debt, stock based compensation, valuation of accounts receivable and inventory, estimated life, amortization rates and impairment of long-lived assets, valuation allowance for income tax purposes, and fair value measurement of financial instruments.

2. NATURE OF OPERATIONS AND GOING CONCERN

a) Organization

Qwick Media Inc. ("the Company") is governed by the corporate laws of the Cayman Islands. It is currently a reporting issuer in the Province of British Columbia, Canada. Principal executive offices are located in Vancouver, British Columbia, Canada. The registered office is in the Cayman Islands.

The Company was incorporated on October 5, 2000 under the laws of the State of Nevada. Effective June 26, 2006, it re-domiciled from the State of Nevada to the State of Washington. Effective July 7, 2009, it re-domiciled from the State of Washington to the State of Wyoming for the sole purpose of effecting a continuance to the Cayman Islands. Effective July 28, 2009, the Company re-domiciled to the Cayman Islands and became a foreign private issuer with the US Securities and Exchange Commission ("SEC").

On October 6, 2009, the Company changed its name from "Tuscany Mineral, Ltd." to "Tuscany Minerals Ltd.". On June 22, 2010, the Company changed its name to "Qwick Media Inc."

2. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

On January 28, 2011, the Company completed the acquisition of Qeyos Ad Systems Inc. ("Qeyos"), pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each common share of Qeyos. As a result of the acquisition of the Qeyos shares, the Company ceased to be a shell company and is now in the business of developing interactive proprietary software, intellectual property and hardware.

For accounting purposes, the acquisition was accounted for at historical carrying values in a manner similar to the pooling of interests method since the chief executive officer and controlling shareholder of the Company was also the chief executive officer and controlling shareholder of Qeyos. Transfers or exchanges of equity instruments between entities under common control are recorded at the carrying amount of the transferring entity at the date of transfer and fair value, goodwill or other intangible asset adjustments are not recorded. Our consolidated financial statements and reported results of operations reflect these carryover values, and our reported results of operations and stockholders' equity have been retroactively restated for all periods presented to reflect the results of operations of Qeyos and the Company as if the acquisition had occurred on September 30, 2009, the date the Company and Qeyos commenced common control.

On April 19, 2011, the Company incorporated Wuxi Xun Fu Information Technology Co., Ltd. in China, a wholly-owned subsidiary of the Company.

For all periods presented, all significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

b) Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying consolidated financial statements, the Company has incurred accumulated losses of $13,202,901 for the period from October 5, 2000 (date of inception) to September 30, 2014. The future of the Company is dependent upon its ability to obtain adequate financing and upon future profitable operations. Management has plans to seek additional capital financing through private placement and a public offering of the Company's common stock and from the issuance of promissory notes. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2013, the FASB issued ASU No. 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date. The amendments in ASU 2013-04 provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this Update is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this Update also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendments in this standard are effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company's January 1, 2014 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2013, the FASB issued ASU No. 2013-07, Presentation of Financial Statements (Top 205): Liquidation Basis of Accounting. The objective of ASU No. 2013-07 is to clarify when an entity should apply the liquidation basis of accounting and to provide principles for the measurement of assets and liabilities under the liquidation basis of accounting, as well as any required disclosures. The amendments in this standard is effective prospectively for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. The Company's January 1, 2014 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

In March 2013, ASC guidance was issued related to Foreign Currency Matters to clarify the treatment of cumulative translation adjustments when a parent sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. The updated guidance also resolves the diversity in practice for the treatment of business combinations achieved in stages in a foreign entity. The update is effective prospectively for the Company's fiscal year beginning January 1, 2014. The Company's January 1, 2014 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

In July 2013, ASC guidance was issued related to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The updated guidance requires an entity to net its unrecognized tax benefits against the deferred tax assets for net operating loss carryforwards, similar tax losses, or tax credit carryforwards in the same jurisdiction. A gross presentation will be required only if such carryforwards are not available or would not be used by the entity to settle any additional income taxes resulting from disallowance of the uncertain tax position. The update is effective prospectively for the Company's fiscal year beginning January 1, 2014. The Company's January 1, 2014 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

The Company is considered to be in the development stage. During the nine months ended September 30, 2014, the Company has elected to early adopt Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allows the Company to remove the inception to date information and all references to development stage.

3. LOAN RECEIVABLE

During the nine months ended September 30, 2014, the Company advanced $32,607 pursuant to a loan agreement entered into on June 25, 2014. Pursuant to the loan agreement the Company will advance up to CAD$60,000. The loan will bear interest at 12% per annum and is due on July 1, 2015.

QWICK MEDIA INC.

Notes to the Consolidated Financial Statements

NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(Unaudited)
(Stated in U.S. Dollars)

4. INVENTORY

	September 30, 2014	December 31, 2013
Computers	**$ 38,857**	$ 45,382
Monitors	**97,538**	114,126
Printers	**13,597**	15,880
Parts and enclosures	**27,506**	31,426
General	**40,895**	23,779
	$ 218,393	$ 230,593

5. PROPERTY AND EQUIPMENT

	September 30, 2014		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer hardware	**$ 38,713**	**$ 37,688**	**$ 1,025**
Computer software	**1,896**	**1,505**	**391**
Office furniture	**21,012**	**17,734**	**3,278**
Equipment	**41,882**	**32,854**	**9,028**
Leasehold improvements	**47,628**	**47,628**	**-**
	$ 151,131	**$ 137,409**	**$ 13,722**

	December 31, 2013		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 38,713	$ 30,524	$ 8,189
Computer software	1,324	1,286	38
Office furniture	21,012	12,875	8,137
Equipment	41,882	24,610	17,272
Leasehold improvements	47,628	44,187	3,441
	$ 150,559	$ 113,482	$ 37,077

6. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING

During the nine months ended September 30, 2014, the Company carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are related party transactions and amounts owing at September 30, 2014 that are not otherwise disclosed elsewhere:

a) The Company paid management fees of $172,768 (2013 - $173,802) to companies controlled by officers for the nine months ended September 30, 2014.

b) The Company recorded stock-based compensation of $37,216 (2013 - $3,972) as consulting fees incurred to directors and officers for the nine months ended September 30, 2014.

c) As of September 30, 2014, amounts owing to related parties consists of $6,154,572 (December 31, 2013 - $4,534,392) owed to a director and companies controlled by a director. At September 30, 2014, $11,242 (December 31, 2013 - $12,889) owed to a company controlled by an officer and $4,684 payable to a company controlled by the managing director (December 31, 2013 - $0) was included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing and due on demand.

7. STOCK OPTIONS

The Company adopted a Stock Option Plan under which the Company can grant up to 6,620,230 shares of its common stock to the officers, directors, employees and consultants.

On April 29, 2014, the Company granted options to purchase 600,000 common shares of common stock to two directors. The stock options will vest over a two year period: with one third vesting on the date of grant, one-third on the first anniversary date and one-third on the second anniversary date. The stock options have a five year term and allow the holder to purchase one common share of the Company at a price of $0.20 per share until April 30, 2019.

During the nine months ended September 30, 2014, the Company recorded stock-based compensation of $37,225 (2013 - $8,366) as consulting expense related to the vesting of stock options. The Company did not grant any stock options during the nine months ended September 30, 2013.

The weighted average assumptions used for each of the nine months ended September 30, are as follows:

	2014	2013
Expected dividend yield	0%	–
Risk-free interest rate	1.74%	–
Expected volatility	68%	–
Expected option life (in years)	5.00	–

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2013	2,460,000	$0.26	1.86	$ –
Granted	600,000	$0.20		
Expired	(435,000)	$0.32		
Outstanding, September 30, 2014	**2,625,000**	**$0.23**	**2.11**	**$ –**
Exercisable, September 30, 2014	**2,225,000**	**$0.24**	**1.48**	**$ –**

7. STOCK OPTIONS (Continued)

A summary of the status of the Company's non-vested options and changes are presented below:

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2013	75,000	$0.001
Granted	600,000	$0.11
Vested	(275,000)	$0.08
Non-vested at September 30, 2014	**400,000**	**$0.11**

As at September 30, 2014, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
75,000	$0.60	November 30, 2014
75,000	$0.60	February 28, 2015
75,000	$0.60	November 30, 2015
1,800,000	$0.20	December 29, 2015
600,000	$0.20	April 29, 2019
2,625,000		

As at September 30, 2014, there was $31,172 in total unrecognized compensation cost related to non-vested stock options. This cost is expected to be recognized over a weighted average period of 1.58 years.

8. REDEEMABLE PREFERRED STOCK

On November 15, 2011, the Company created one series of the 100,000,000 preferred shares it is authorized to issue, consisting of 25,000,000 shares, to be designated as Class A Preferred Shares. The principal terms of the Class A Preferred Shares are as follows:

Voting rights – The Class A Preferred Shares have voting rights (one vote per share) equal to those of the Company's common stock.

Dividend rights – The Class A Preferred Shares carry a cumulative cash dividend of 10% per annum. The accrued dividends payable are classified as interest expense in the statements of operations.

Conversion rights – The holders of the Class A Preferred Shares have the right to convert the Class A Preferred Shares, from time to time, at the option of the holder, into one common share until July 31, 2015 at the following conversion prices:

i) $0.60 per Common Share if converted at any time up to and including July 31, 2012;

ii) $1.00 per Common Share if converted at any time between August 1, 2012 and July 31, 2013; and

iii) $1.50 per Common Share if converted at any time between August 1, 2013 and July 31, 2015.

Redemption rights – At any time, the holders of the Class A Preferred Shares may elect to have the Company redeem the Class A Preferred Shares for an amount equal to $1.00 per share. At any time, the Company may redeem the Class A Preferred Shares for an amount equal to $1.00 per share.

The Company has classified the Class A Preferred Shares as liability because they are redeemable beyond the control of the issuer.

8. REDEEMABLE PREFERRED STOCK (Continued)

During the year ended December 31, 2011, the Company completed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of the issuance of 1,000,000 Class A Preferred Shares at a price of $1.00 per Class A Share for gross proceeds of $1,000,000, and converted the principal amount of a debenture and accrued interest thereon to the related party, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of $1.00 per Class A Preferred Share. As at December 31, 2013, the holder of the Class A Preferred Shares had agreed to not exercise the retractable rights, to have the Company redeem the Class A Preferred Shares, for the next 2 years.

9. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters. Management services provided are on a month-to-month basis.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table presents information about the Company's financial instruments that have been measured at fair value as of September 30, 2014, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair values:

SEPTEMBER 30, 2014	**FAIR VALUE INPUT LEVEL**	**HELD-FOR-TRADING**	**TOTAL CARRYING VALUE**	**FAIR VALUE**
Financial assets				
Cash	**1**	**$ 161,120**	**$ 161,120**	**$ 161,120**

DECEMBER 31, 2013	FAIR VALUE INPUT LEVEL	HELD-FOR-TRADING	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets				
Cash	1	$ 241,327	$ 241,327	$ 241,327

Due to the nature of cash, accounts payable and redeemable preferred stock, the fair value of these instruments approximated their carrying value.

11. SEGMENTED INFORMATION

The Company's business is considered as operating in one segment being the development of software and hardware for use in digital media kiosks.

APPENDIX B

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2013, 2012 and 2011

(Stated in U.S. Dollars)

MORGAN LLP
CHARTERED ACCOUNTANTS & ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Stockholders of
Qwick Media Inc.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Qwick Media Inc. (a development stage company) and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 2013, and for the period from October 5, 2000 (date of inception) to December 31, 2013, and stockholders' (deficiency) equity for the period from October 5, 2000 (date of inception) to December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Qwick Media Inc. and subsidiaries as of December 31, 2013 and 2012, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2013, and for the period from October 5, 2000 (date of inception) to December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, has negative cash flows, has a stockholders' deficiency and is dependent upon obtaining adequate financing to fulfil its development activities and upon future profitable operations. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada — *"Morgan LLP"*

April 25, 2014 — Chartered Accountants

ASK
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QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Stated in U.S. Dollars)

	DECEMBER 31, 2013	2012
ASSETS		
Current		
Cash	$ **241,327**	$ 143,280
Receivables	**182,262**	152,922
Inventory	**230,593**	344,208
Prepaid expenses	**2,161**	889
Total Current Assets	**656,343**	641,299
Property and Equipment	**37,077**	80,338
Total Assets	$ **693,420**	$ 721,637
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ **124,805**	$ 174,393
Due to related parties	**4,529,913**	2,073,960
Accrued dividends payable	**430,035**	227,241
Total Liabilities	**5,084,753**	2,475,594
Redeemable Preferred Stock	**2,027,945**	2,027,945
STOCKHOLDERS' DEFICIENCY		
Common Stock		
Authorized:		
400,000,000 common shares, $0.001 par value;		
100,000,000 preferred shares, $0.001 par value, and series as determined by directors.		
Issued:		
71,128,456 common shares at December 31, 2013 and 2012	**71,128**	71,128
Additional Paid-in Capital	**4,835,551**	4,826,099
Deficit Accumulated During The Development Stage	**(11,325,957)**	(8,679,129)
Total Stockholders' Deficiency	**(6,419,278)**	(3,781,902)
Total Liabilities and Stockholders' Deficiency	$ **693,420**	$ 721,637

Going Concern, Commitments and Contractual Obligations (Notes 1 and 8)

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,			PERIOD FROM DATE OF INCEPTION (OCTOBER 5, 2000) TO DECEMBER 31,
	2013	2012	2011	2013
Revenue	**$ 110,553**	$ 146,619	$ 84,145	$ 350,186
Expenses				
Advertising and promotion	**13,402**	89,126	149,372	258,328
Amortization	**43,620**	42,918	26,284	113,118
Consulting fees	**32,075**	94,880	277,825	490,437
Filing fees	**12,839**	11,730	13,997	55,584
Foreign exchange	**84,791**	(17,380)	8,252	399,422
Interest and bank charges	**208,076**	210,352	56,147	688,619
Inventory costs	**254,342**	25,062	–	279,404
Management fees	**241,701**	256,962	242,326	1,028,782
Mineral property exploration expenditures	**–**	–	–	8,500
Mineral property option payments	**–**	–	–	3,428
Office and administrative	**271,134**	403,223	527,438	1,242,786
Oil and gas property exploration expenditures	**–**	–	–	202,686
Professional fees	**192,171**	159,262	98,617	896,622
Rent	**221,568**	203,931	178,706	643,092
Salaries, wages and benefits	**1,091,594**	1,675,220	1,135,857	4,348,505
Software development costs	**–**	–	442,579	638,660
Travel	**90,068**	124,285	102,744	378,170
Total Expenses	**2,757,381**	3,279,571	3,260,144	11,676,143
Net Loss For The Period	**$ (2,646,828)**	$ (3,132,952)	(3,175,999)	$ (11,325,957)
Basic And Diluted Loss Per Common Share	**$ (0.04)**	$ (0.04)	$ (0.05)	
Weighted Average Number Of Common Shares Outstanding	**71,128,000**	71,128,000	61,940,000	

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,			PERIOD FROM DATE OF INCEPTION (OCTOBER 5, 2000) TO DECEMBER 31,
	2013	2012	2011	2013
Cash Flows (Used In) Provided By:				
Operating Activities				
Net loss for the period	**$ (2,646,828)**	$ (3,132,952)	$ (3,175,999)	$ (11,325,957)
Adjustments to reconcile net loss to net cash used in operating activities:				
Amortization	**43,620**	42,918	26,284	113,118
Foreign exchange on debt settlement	**–**	–	–	226,512
Stock-based compensation	**9,452**	81,178	195,399	286,029
Changes in operating assets and liabilities:				
Receivables	**(29,699)**	(49,680)	(330,875)	(460,034)
Prepaid expenses	**(1,271)**	48,621	(49,510)	(2,161)
Inventory	**113,615**	(47,826)	(179,294)	(230,593)
Due to related parties	**2,455,953**	2,243,364	109,309	5,540,844
Accrued dividends payable	**202,794**	203,350	23,891	430,035
Accounts payable and accrued liabilities	**(49,589)**	62,562	74,252	447,423
Net cash provided by (used in) operating activities	**98,047**	(548,465)	(3,306,543)	(4,974,784)
Investing Activities				
Subsidiary cash upon acquisition	**–**	–	–	15,465
Purchase of property and equipment	**–**	(36,830)	(59,732)	(138,434)
Net cash (used in) investing activities	**–**	(36,830)	(59,732)	(122,969)
Financing Activities				
Proceeds from share issuances	**–**	–	1,217,002	2,678,002
Proceeds from notes payable	**–**	–	1,000,000	1,661,078
Proceeds from preferred shares	**–**	–	1,000,000	1,000,000
Net cash provided by financing activities	**–**	–	3,217,002	5,339,080
Net Increase (Decrease) In Cash	**98,047**	(585,295)	(149,273)	241,327
Cash, Beginning Of Period	**143,280**	728,575	877,848	–
Cash, End Of Period	**$ 241,327**	$ 143,280	$ 728,575	$ 241,327
Non-cash Financing Activities				
Common stock issued to settle debt	**$ –**	$ –	$ 403,211	$ 984,841
Supplemental Disclosure of Cash Flow Information				
Interest paid	**$ –**	$ –	$ –	$ –
Income taxes paid	**$ –**	$ –	$ –	$ –

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIENCY) EQUITY
PERIOD FROM DATE OF INCEPTION (OCTOBER 5, 2000) TO DECEMBER 31, 2013
(Stated in U.S. Dollars)

	COMMON STOCK						
	NUMBER OF COMMON SHARES	PAR VALUE	ADDITIONAL PAID-IN CAPITAL	SHARE SUBSCRIPTIONS RECEIVED	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
Balance, October 5, 2000	-	$ -	$ -	$ -	$ -	$ -	$ -
November 2000 - Shares issued for cash at $0.001	6,500,000	6,500	-	-	-	-	6,500
November 2000 - Shares issued for cash at $0.01	6,000,000	6,000	54,000	-	-	-	60,000
December 2000 - Shares issued for cash at $0.25	38,000	38	9,462	-	-	-	9,500
Translation adjustment	-	-	-	-	-	660	660
Net loss for the period	-	-	-	-	(7,310)	-	(7,310)
Balance, December 31, 2000	12,538,000	12,538	63,462	-	(7,310)	660	69,350
Translation adjustment	-	-	-	-	-	(752)	(752)
Net loss for the year	-	-	-	-	(54,811)	-	(54,811)
Balance, December 31, 2001	12,538,000	12,538	63,462	-	(62,121)	(92)	13,787
Translation adjustment	-	-	-	-	-	16	16
Net loss for the year	-	-	-	-	(24,972)	-	(24,972)
Balance, December 31, 2002	12,538,000	12,538	63,462	-	(87,093)	(76)	(11,169)
Translation adjustment	-	-	-	-	-	(205)	(205)
Net loss for the year	-	-	-	-	(271,508)	-	(271,508)
Balance, December 31, 2003	12,538,000	12,538	63,462	-	(358,601)	(281)	(282,882)
Translation adjustment	-	-	-	-	-	281	281
Net loss for the year	-	-	-	-	(72,049)	-	(72,049)
Balance, December 31, 2004	12,538,000	12,538	63,462	-	(430,650)	-	(354,650)
Net loss for the year	-	-	-	-	(49,562)	-	(49,562)
Balance, December 31, 2005	12,538,000	12,538	63,462	-	(480,212)	-	(404,212)
Net loss for the year	-	-	-	-	(67,488)	-	(67,488)
Balance, December 31, 2006	12,538,000	12,538	63,462	-	(547,700)	-	(471,700)
Net loss for the year	-	-	-	-	(74,191)	-	(74,191)
Balance, December 31, 2007	12,538,000	12,538	63,462	-	(621,891)	-	(545,891)
Net loss for the year	-	-	-	-	(104,412)	-	(104,412)
Balance, December 31, 2008	12,538,000	12,538	63,462	-	(726,303)	-	(650,303)
September 2009 - Shares issued for settling debt at $0.015	38,775,366	38,775	542,855	-	-	-	581,630
Shares issued pursuant to share exchange agreement (Note 1)	4,789,035	4,789	953,018	-	(190,387)	-	767,420
Net loss for the year	-	-	-	-	(351,291)	-	(351,291)
Balance, December 31, 2009	56,102,401	56,102	1,559,335	-	(1,267,981)	-	347,456
Share subscriptions received	-	-	-	1,385,000	-	-	1,385,000
Net loss for the year	-	-	-	-	(1,102,197)	-	(1,102,197)
Balance, December 31, 2010	56,102,401	56,102	1,559,335	1,385,000	(2,370,178)	-	630,259
Shares issued for cash at $0.20	13,010,000	13,010	2,588,992	(1,385,000)	-	-	1,217,002
Shares issued for settling debt at $0.20	2,016,055	2,016	401,195	-	-	-	403,211
Stock-based compensation	-	-	195,399	-	-	-	195,399
Net loss for the year	-	-	-	-	(3,175,999)	-	(3,175,999)
Balance, December 31, 2011	71,128,456	71,128	4,744,921	-	(5,546,177)	-	(730,128)
Stock-based compensation	-	-	81,178	-	-	-	81,178
Net loss for the year	-	-	-	-	(3,132,952)	-	(3,132,952)
Balance, December 31, 2012	71,128,456	71,128	4,826,099	-	(8,679,129)	-	(3,781,902)
Stock-based compensation	-	-	9,452	-	-	-	9,452
Net loss for the year	-	-	-	-	(2,646,828)	-	(2,646,828)
Balance, December 31, 2013	**71,128,456**	**$ 71,128**	**$ 4,835,551**	**$ -**	**$ (11,325,957)**	**$ -**	**$ (6,419,278)**

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

QWICK MEDIA INC.
(A Development Stage Company)

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Organization

Qwick Media Inc. ("the Company") is governed by the corporate laws of the Cayman Islands. It is currently a reporting issuer in the Province of British Columbia, Canada. Principal executive offices are located in Vancouver, British Columbia, Canada. The registered office is in the Cayman Islands.

The Company was incorporated on October 5, 2000 under the laws of the State of Nevada. Effective June 26, 2006, it re-domiciled from the State of Nevada to the State of Washington. Effective July 7, 2009, it re-domiciled from the State of Washington to the State of Wyoming for the sole purpose of effecting a continuance to the Cayman Islands. Effective July 28, 2009, the Company re-domiciled to the Cayman Islands and became a foreign private issuer with the US Securities and Exchange Commission ("SEC").

On October 6, 2009, the Company changed its name from "Tuscany Mineral, Ltd." to "Tuscany Minerals Ltd.". On June 22, 2010, the Company changed its name to "Qwick Media Inc."

On January 28, 2011, the Company completed the acquisition of Qeyos Ad Systems Inc. ("Qeyos"), pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each common share of Qeyos. As a result of the acquisition of the Qeyos shares, the Company ceased to be a shell company and is now in the business of developing interactive proprietary software, intellectual property and hardware.

For accounting purposes, the acquisition was accounted for at historical carrying values in a manner similar to the pooling of interests method since the chief executive officer and controlling shareholder of the Company was also the chief executive officer and controlling shareholder of Qeyos. Transfers or exchanges of equity instruments between entities under common control are recorded at the carrying amount of the transferring entity at the date of transfer and fair value, goodwill or other intangible asset adjustments are not recorded. Our consolidated financial statements and reported results of operations reflect these carryover values, and our reported results of operations and stockholders' equity have been retroactively restated for all periods presented to reflect the results of operations of Qeyos and the Company as if the acquisition had occurred on September 30, 2009, the date the Company and Qeyos commenced common control.

On April 19, 2011, the Company incorporated Wuxi Xun Fu Information Technology Co., Ltd. in China, a wholly-owned subsidiary of the Company.

For all periods presented, all significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

b) Development Stage Activities

The Company had been in the exploration stage since its formation and had not realized any revenues during the exploration stage. The Company had previous exploration activities in the natural gas and oil business in 2003 and in the acquisition and exploration of mining properties prior to 2003. As at December 31, 2010, the Company was an inactive shell company.

On January 28, 2011, the Company acquired Qeyos Ad Systems Inc., which is in the business of developing and customizing software and hardware for use in digital media kiosks. Accordingly, the Company ceased to be an inactive shell company and became a development stage company.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

c) Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying consolidated financial statements, the Company has incurred accumulated losses of $11,325,957 for the period from October 5, 2000 (date of inception) to December 31, 2013. The future of the Company is dependent upon its ability to obtain adequate financing and upon future profitable operations. Management has plans to seek additional capital financing through private placement and a public offering of the Company's common stock and from the issuance of promissory notes. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of the Company's wholly owned subsidiaries, Qeyos Ad Systems Inc., incorporated in Canada, and Wuxi Xun Fu Information Technology Co., Ltd., incorporated in China. The Company's fiscal year-end is December 31. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and Cash Equivalents

Cash consists of cash on deposit with high quality major financial institutions. The carrying amounts approximated fair market value due to the liquidity of these deposits. For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The Company had no cash equivalents at December 31, 2013 and 2012.

b) Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Management evaluates estimates and judgments on an ongoing basis. Actual results could differ from these estimates. The significant areas requiring management's estimates and assumptions include the fair value of shares issued to settle debt, stock based compensation, valuation of receivables and inventory, estimated life, amortization rates and impairment of long-lived assets, valuation allowance for income tax purposes, and fair value measurement of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Revenue Recognition

The Company recognizes revenue when all of the following criteria are met: (1) the Company has evidence of an arrangement with a customer; (2) the Company delivers the specified products; (3) license agreement terms are fixed or determinable and free of contingencies or uncertainties that may alter the agreement such that it may not be complete and final; and (4) collection is probable.

d) Software Development Costs

The Company accounts for software development costs in accordance with ASC 985-20, Software - Cost of Software to Be Sold, Leased, whereby costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established and all research and development activities for the other components of the product or processes have been completed, at which time any additional costs are capitalized.

To December 31, 2013, software development costs, comprised of salaries, wages and benefits, have been charged to operations as the research and development activities for other components of the product and processes have not been completed.

In accordance with ASC 985-705, software modification costs, comprised of salaries, wages and benefits, to satisfy hardware upgrades and changes in system configurations, are expensed as incurred.

e) Inventory

Inventory is recorded at the lower of cost or market with cost being determined on the weighted average method. When required, a provision is made to reduce excess and obsolete inventory to estimated net realizable value. The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale. Inventory consists of computers, general, monitors, printers, modems, and parts and enclosures.

f) Equipment and Amortization

Equipment is recorded at cost and amortized using the declining-balance and straight-line method at rates determined to estimate the useful lives of the assets. The annual rates used in calculating amortization are as follows:

Computer hardware	30% straight-line
Computer software	50% declining-balance
Office furniture	20% declining-balance
Equipment	30% declining-balance
Leasehold improvements	straight-line over the term of the lease

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in foreign currency are translated in accordance with ASC Topic 830, Foreign Currency Matters, into U.S. dollars and reporting as follows:

i) monetary items at the exchange rate prevailing at the balance sheet date;

ii) non-monetary items at the historical exchange rate;

iii) revenue and expense at the average exchange rate in effect during the applicable accounting period.

Gains and losses on foreign currency transactions are reported in the statements of operations.

h) Basic and Diluted Loss Per Share

The Company computes loss per share in accordance with ASC 260, Earnings Per Share. Under these provisions, basic loss per share is computed using the weighted average number of common stock outstanding during the periods. Diluted loss per share is computed using the weighted average number of common and potentially dilutive common stock outstanding during the period. As the Company generated net losses in the periods presented, the basic and diluted loss per share is the same as the exercise of options or warrants would be anti-dilutive.

i) Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers are:

- Level 1 – defined as observable inputs such as quoted prices in active markets;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Cash consists of cash on deposit with a high quality major financial institution. The carrying cost approximates fair value due to the liquidity of these deposits. The carrying amounts of other financial assets and liabilities comprising accounts payable and accrued liabilities, due to related parties, were a reasonable approximation of their fair value.

j) Income Taxes

The Company has adopted ASC 740, Income Taxes. This standard requires the use of an asset and liability approach for financial accounting, and reporting on income taxes. Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Asset Impairment

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable, pursuant to guidance established in ASC 360-50, Impairment or Disposal of Long-lived Assets. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by its assets to their respective carrying amounts. If impairment is deemed to exist, assets are written down to fair value.

l) Comprehensive Loss

ASC 220, Comprehensive Income establishes standards for the reporting and display of comprehensive items in the consolidated financial statements. As at December 31, 2013, 2012 and 2011, the Company had no items that represent a comprehensive income or loss and, therefore, has not included a statement of comprehensive loss in the consolidated financial statements.

m) Equity Instruments

In situations where common shares are issued and the fair value of the goods or services received is not readily determinable, the fair value of the common shares is used to measure and record the transaction. The fair value of the common shares issued in exchange for the receipt of goods and services is based on the stock price as of the earliest of:

i) the date at which the counterparty's performance is complete;
ii) the date at which a commitment for performance by the counterparty to earn the common shares is reached; or
iii) the date at which the common shares are issued if they are fully vested and non-forfeitable at that date.

The Company has a stock-based compensation plan which is described more fully in Note 6. The Company measures the compensation cost of stock options and other stock-based awards to employees and directors at fair value at the grant date and recognizes compensation expense over the requisite service period for awards expected to vest. Except for transactions with employees and directors, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received, or the fair value of the equity instruments issued, whichever is more reliably measurable. Additionally, the Company has determined that the dates used to value the transaction are either:

i) The date at which a commitment for performance by the counter party to earn the equity instruments is established; or
ii) The date at which the counter party's performance is complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Recent Accounting Pronouncements

In November 2011, ASC guidance was issued related to disclosures about offsetting assets and liabilities. The new standard requires disclosures to allow investors to better compare financial statements prepared under U.S GAAP with financial statements prepared under IFRS. The update is effected for the Company's fiscal year beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required. In January 2013, ASC guidance was issued to clarify that the disclosure requirements are limited to derivatives, repurchase agreements, and securities lending transactions to the extent that they are (i) offset in the financial statements or (ii) subject to an enforceable master netting arrangement or similar agreement. The Company's January 1, 2013 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

In January 2013, the FASB issued ASU No. 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, which clarifies which instruments and transactions are subject to the offsetting disclosure requirements originally established by ASU 2011-11. The new ASU addresses preparer concerns that the scope of the disclosure requirements under ASU 2011-11 was overly broad and imposed unintended costs that were not commensurate with estimated benefits to financial statement users. In choosing to narrow the scope of the offsetting disclosures, the Board determined that it could make them more operable and cost effective for preparers while still giving financial statement users sufficient information to analyze the most significant presentation differences between financial statements prepared in accordance with U.S. GAAP and those prepared under IFRS. Like ASU 2011-11, the amendments in this update will be effective for fiscal periods beginning on or after January 1, 2013. The Company's January 1, 2013 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU No. 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date. The amendments in ASU 2013-04 provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this Update is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this Update also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendments in this standard are effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not expect the adoption of the pronouncement to have a material effect on its consolidated financial statements.

In April 2013, the FASB issued ASU No. 2013-07, Presentation of Financial Statements (Top 205): Liquidation Basis of Accounting. The objective of ASU No. 2013-07 is to clarify when an entity should apply the liquidation basis of accounting and to provide principles for the measurement of assets and liabilities under the liquidation basis of accounting, as well as any required disclosures. The amendments in this standard is effective prospectively for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. The Company does not expect the adoption of the pronouncement to have a material effect on its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Recent Accounting Pronouncements (Continued)

In March 2013, ASC guidance was issued related to Foreign Currency Matters to clarify the treatment of cumulative translation adjustments when a parent sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. The updated guidance also resolves the diversity in practice for the treatment of business combinations achieved in stages in a foreign entity. The update is effective prospectively for the Company's fiscal year beginning January 1, 2014. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

In July 2013, ASC guidance was issued related to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The updated guidance requires an entity to net its unrecognized tax benefits against the deferred tax assets for net operating loss carryforwards, similar tax losses, or tax credit carryforwards in the same jurisdiction. A gross presentation will be required only if such carryforwards are not available or would not be used by the entity to settle any additional income taxes resulting from disallowance of the uncertain tax position. The update is effective prospectively for the Company's fiscal year beginning January 1, 2014. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

3. INVENTORY

	2013	2012
Computers	**$ 45,382**	$ 2,765
Monitors	**114,126**	31,146
Printers	**15,880**	–
Parts and enclosures	**31,426**	291,301
General	**23,779**	18,996
	$ 230,593	$ 344,208

During the year, the Company recorded inventory write-down in the amount of $217,719 (2012 - $Nil).

4. PROPERTY AND EQUIPMENT

	2013		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer hardware	**$ 38,713**	**$ 30,524**	**$ 8,189**
Computer software	**1,324**	**1,286**	**38**
Office furniture	**21,012**	**12,875**	**8,137**
Equipment	**41,882**	**24,610**	**17,272**
Leasehold improvements	**47,628**	**44,187**	**3,441**
	$ 150,559	**$ 113,482**	**$ 37,077**

4. PROPERTY AND EQUIPMENT (Continued)

	2012		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 38,713	$ 19,569	$ 19,144
Computer software	1,324	1,182	142
Office furniture	21,012	6,926	14,086
Equipment	41,882	13,257	28,625
Leasehold improvements	47,628	29,287	18,341
	$ 150,559	$ 70,221	$ 80,338

5. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING

For the year ended December 31, 2013, the Company carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are related party transactions and amounts owing at December 31, 2013 that are not otherwise disclosed elsewhere:

a) The Company paid management fees of $240,210 (2012 - $256,858; 2011 - $256,327) to companies controlled by officers for the year ended December 31, 2013.

b) The Company recorded stock-based compensation of $3,972 (2012 - $50,004; 2011 - $131,118) as consulting fees paid to directors and officers for the year ended December 31, 2013.

c) As of December 31, 2013, amounts owing to related parties consists of $4,534,392 (2012 - $2,073,965) owed to a director and companies controlled by a director, and $12,889 (2012 - $18,815) owed to a company controlled by an officer. The amounts owed are unsecured, non-interest bearing and due on demand.

d) Interest expensed by the Company relating to notes payable due to a company with a common director amounted to $Nil (2012 - $Nil; 2011 - $27,945) for the year ended December 31, 2013.

6. STOCK OPTIONS

The Company adopted a Stock Option Plan under which the Company can grant up to 6,620,230 shares of its common stock to the officers, directors, employees and consultants.

On January 28, 2011, the Company granted 2,400,000 stock options to directors, officers, and employees exercisable at $0.20 per share to December 29, 2015. The options vest 50% on the date of grant, 25% on the first anniversary and 25% on the second anniversary. During the year ended December 31, 2013, the Company recorded stock-based compensation of $3,972 (2012 - $40,146; 2011 - $185,113) as consulting expense related to these options.

6. STOCK OPTIONS (Continued)

On May 1, 2011, the Company granted 300,000 stock options to a consultant exercisable at $0.20 per share to December 29, 2015. The options vest 50% on the date of grant, 25% on the first anniversary and 25% on the second anniversary. During the year ended December 31, 2013, the Company recorded stock-based compensation of $2,686 (2012 - $29,993; 2011 - $21,832) as consulting expense related to these options.

On July 1, 2011, the Company granted 60,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015. During the year ended December 31, 2013, the Company recorded stock-based compensation of $163 (2012 - $963; 2011 - $682) as consulting expense related to these options.

On November 1, 2011, the Company granted 360,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015. During the year ended December 31, 2013, the Company recorded stock-based compensation of $2,562 (2012 - $9,736; 2011 - $682) as consulting expense related to these options.

On March 1, 2012, the Company granted 300,000 stock options to a consultant exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on February 28, 2013. Another 25% vest on the first anniversary and expire on February 28, 2014. The last 25% vest on the second anniversary and expire on February 28, 2015. During the year ended December 31, 2013, the Company recorded stock-based compensation of $69 (2012 - $340) as consulting expense related to these options.

The fair values of stock options granted were estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average grant date fair value of stock options granted during the year ended December 31, 2012 was $0.001 (2011 - $0.10). During the year ended December 31, 2013, the Company recorded stock-based compensation of $9,452 (2012 - $81,178; 2011 - $195,399) as consulting expense related to the vesting of stock options.

The fair value assumptions used were as follows:

	2013	2012	2011
Expected dividend yield	–	0%	0%
Risk-free interest rate	–	0.43%	1.92%
Expected volatility	–	54%	66%
Expected option life (in years)	–	1.00	4.54 -5.00

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2011	2,720,000	$0.26	4.98	$ –
Granted	300,000	$0.60		
Expired	(200,000)	$0.20		
Outstanding, December 31, 2012	2,820,000	$0.30	2.56	$ –
Expired	(360,000)	$0.60		
Outstanding, December 31, 2013	**2,460,000**	**$0.26**	**1.86**	**$ –**
Exercisable, December 31, 2013	**2,385,000**	**$0.25**	**1.88**	**$ –**

6. STOCK OPTIONS (Continued)

A summary of the status of the Company's non-vested options and changes are presented below:

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2011	1,360,000	$0.10
Granted	300,000	$0.001
Expired	(50,000)	$0.11
Vested	(830,000)	$0.08
Non-vested at December 31, 2012	780,000	$0.08
Vested	(705,000)	$0.09
Non-vested at December 31, 2013	**75,000**	**$0.001**

As at December 31, 2013, there was $8 (2012 - $9,460) in total unrecognized compensation cost related to non-vested stock options.

As at December 31, 2013, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
75,000	$0.60	February 28, 2014*
15,000	$0.60	July 30, 2014
90,000	$0.60	November 30, 2014
75,000	$0.60	February 28, 2015
15,000	$0.60	July 30, 2015
90,000	$0.60	November 30, 2015
2,100,000	$0.20	December 29, 2015
2,460,000		* Subsequently expired

7. REDEEMABLE PREFERRED STOCK

On November 15, 2011, the Company created one series of the 100,000,000 preferred shares it is authorized to issue, consisting of 25,000,000 shares, to be designated as Class A Preferred Shares. The principal terms of the Class A Preferred Shares are as follows:

Voting rights – The Class A Preferred Shares have voting rights (one vote per share) equal to those of the Company's common stock.

Dividend rights – The Class A Preferred Shares carry a cumulative cash dividend of 10% per annum. The accrued dividends payable are classified as interest expense in the statements of operations.

Conversion rights – The holders of the Class A Preferred Shares have the right to convert the Class A Preferred Shares, from time to time, at the option of the holder, into one common share until July 31, 2015 at the following conversion prices:

i) $0.60 per Common Share if converted at any time up to and including July 31, 2012;

ii) $1.00 per Common Share if converted at any time between August 1, 2012 and July 31, 2013; and

iii) $1.50 per Common Share if converted at any time between August 1, 2013 and July 31, 2015.

7. REDEEMABLE PREFERRED STOCK (Continued)

Redemption rights – At any time, the holders of the Class A Preferred Shares may elect to have the Company redeem the Class A Preferred Shares for an amount equal to $1.00 per share. At any time, the Company may redeem the Class A Preferred Shares for an amount equal to $1.00 per share.

The Company has classified the Class A Preferred Shares as liability because they are redeemable beyond the control of the issuer.

During the year ended December 31, 2011, the Company completed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of the issuance of 1,000,000 Class A Preferred Shares at a price of $1.00 per Class A Share for gross proceeds of $1,000,000, and converted the principal amount of a debenture and accrued interest thereon to the related party, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of $1.00 per Class A Preferred Share. As at December 31, 2013, the holder of the Class A Preferred Shares had agreed to not exercise the retractable rights, to have the Company redeem the Class A Preferred Shares, for the next 2 years.

8. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters other than disclosed below. Management services provided are on a month-to-month basis.

a) On October 15, 2013, the Company entered into a consulting agreement with a director of the Company whereby the Company will pay $12,000 per month for consulting services provided for a term of six months. The fees will be payable as to a minimum of $6,000 in cash payment and up to $6,000 in equity or debt of the Company.

b) The Company has entered into leases for the provision of facility space until January 31, 2014, and continued on a month-to-month basis. The Company's future minimum lease payments for the premise leases are as follows:

Fiscal year ending December 31, 2014	$ 10,835 (CDN$11,525)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table presents information about the Company's financial instruments that have been measured at fair value as of December 31, 2013, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair values:

DECEMBER 31, 2013	**FAIR VALUE INPUT LEVEL**	**HELD-FOR-TRADING**	**TOTAL CARRYING VALUE**	**FAIR VALUE**
Financial assets				
Cash	**1**	**$ 241,327**	**$ 241,327**	**$ 241,327**

DECEMBER 31, 2012	FAIR VALUE INPUT LEVEL	HELD-FOR-TRADING	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets				
Cash	1	$ 143,280	$ 143,280	$ 143,280

Due to the nature of cash, accounts payable and redeemable preferred stock, the fair value of these instruments approximated their carrying value.

10. SEGMENTED INFORMATION

The Company's business is considered as operating in one segment being the development of software and hardware for use in digital media kiosks.

11. INCOME TAXES

The provision for income taxes differs from the result which would be obtained by applying the statutory income tax rate of 26% (2012 - 26%) to income before income taxes. The difference results from the following items:

	2013	2012	2011
Computed expected (benefit) income taxes	**$ (675,000)**	$ (782,000)	$ (768,000)
Increase in valuation allowance	**675,000**	782,000	768,000
	$ -	$ -	$ -

Significant components of the Company's deferred income tax assets are as follows:

	2013	2012
Deferred income tax asset	**$ 2,791,000**	$ 2,116,000
Valuation allowance	**(2,791,000)**	(2,116,000)
	$ -	$ -

The Company has net operating losses of approximately $10,734,000 (2012 - $8,140,000), which if unutilized, will expire through to 2033. Future tax benefits, which may arise as a result of these losses, have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

The Company and its subsidiaries file income tax returns in Canada and China. These tax returns are subject to examination by local taxation authorities provided the tax years remain open to audit under the relevant statutes of limitations.

APPENDIX C

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012, 2011 and 2010

(Stated in U.S. Dollars)

MORGAN LLP
CHARTERED ACCOUNTANTS & ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Stockholders of
Qwick Media Inc.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Qwick Media Inc. (a development stage company) and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 2012, and for the period from October 5, 2000 (date of inception) to December 31, 2012, and stockholders' (deficiency) equity for the period from October 5, 2000 (date of inception) to December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Qwick Media Inc. and subsidiaries as of December 31, 2012 and 2011, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2012, and for the period from October 5, 2000 (date of inception) to December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, has negative cash flows, has a stockholders' deficiency and is dependent upon obtaining adequate financing to fulfil its development activities and upon future profitable operations. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada — *"Morgan LLP"*

April 29, 2013 — Chartered Accountants

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QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Stated in U.S. Dollars)

	DECEMBER 31, 2012	2011
ASSETS		
Current		
Cash	$ **143,280**	$ 728,575
Accounts receivable	**152,922**	381,955
Inventory	**344,208**	296,382
Prepaid expenses	**889**	49,510
Total Current Assets	**641,299**	1,456,422
Property and Equipment	**80,338**	86,426
Total Assets	$ **721,637**	$ 1,542,848
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ **174,393**	$ 111,831
Due to related parties	**2,073,960**	109,309
Accrued dividends payable	**227,241**	23,891
Total Liabilities	**2,475,594**	245,031
Redeemable Preferred Stock	**2,027,945**	2,027,945
STOCKHOLDERS' DEFICIENCY		
Common Stock	**71,128**	71,128
Additional Paid-in Capital	**4,826,099**	4,744,921
Deficit Accumulated During The Development Stage	**(8,679,129)**	(5,546,177)
Total Stockholders' Deficiency	**(3,781,902)**	(730,128)
Total Liabilities and Stockholders' Deficiency	$ **721,637**	$ 1,542,848

Going Concern, Commitments and Contractual Obligations (Notes 1 and 11)

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,			PERIOD FROM DATE OF INCEPTION OCTOBER 5, 2000 TO DECEMBER 31,
	2012	2011	2010	2012
Revenue	**$ 146,619**	$ 84,145	$ 2,718	$ 239,633
Expenses				
Advertising and promotion	**89,126**	149,372	8,610	244,926
Amortization	**42,918**	26,284	320	69,498
Consulting fees	**94,880**	277,825	74,136	458,362
Filing fees	**11,730**	13,997	838	42,745
Foreign exchange	**(17,380)**	8,252	62,198	314,647
Interest and bank charges	**210,352**	56,147	19,669	480,543
Management fees	**256,962**	242,326	104,056	793,566
Mineral property exploration expenditures	**–**	–	–	8,500
Mineral property option payments	**–**	–	–	3,428
Office and administrative	**428,285**	527,438	66,664	995,014
Oil and gas property development expenditures	**–**	–	–	202,686
Professional fees	**159,262**	98,617	123,878	669,451
Rent	**203,931**	178,706	–	421,524
Salaries, wages and benefits	**1,675,220**	1,135,857	445,834	3,250,398
Software development costs	**–**	442,579	179,222	638,660
Travel	**124,285**	102,744	19,490	288,102
Total Expenses	**3,279,571**	3,260,144	1,104,915	8,882,050
Net Loss For The Period	**$ (3,132,952)**	$ (3,175,999)	$ (1,102,197)	$ (8,642,417)
Basic And Diluted Loss Per Common Share	**$ (0.04)**	$ (0.05)	$ (0.02)	
Weighted Average Number Of Common Shares Outstanding	**71,128,000**	61,940,000	51,313,000	

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,			PERIOD FROM DATE OF INCEPTION OCTOBER 5, 2000 TO DECEMBER 31,
	2012	2011	2010	2012
Cash Flows (Used In) Provided By:				
Operating Activities				
Net loss for the period	$ **(3,132,952)**	$ (3,175,999)	$ (1,102,197)	$ (8,642,417)
Adjustments to reconcile net loss to cash used by operating activities:				
Amortization	**42,918**	26,284	320	69,498
Foreign exchange loss	**–**	–	–	226,512
Stock-based compensation	**81,178**	195,399	–	276,577
Changes in operating assets and liabilities:				
Accounts receivable	**(49,680)**	(330,875)	(49,407)	(430,335)
Prepaid expenses	**48,621**	(49,510)	–	(889)
Inventory	**(47,826)**	(179,294)	(117,088)	(345,920)
Due to and from related parties	**2,243,364**	109,309	626,933	3,084,891
Accrued dividends payable	**203,350**	23,891	–	227,241
Accounts payable and accrued liabilities	**62,562**	74,252	49,121	462,011
	(548,465)	(3,306,543)	(592,318)	(5,072,831)
Investing Activities				
Subsidiary cash upon acquisition	**–**	–	–	15,465
Purchase of property and equipment	**(36,830)**	(59,732)	(41,873)	(138,434)
	(36,830)	(59,732)	(41,873)	(122,969)
Financing Activities				
Proceeds from share issuances	**–**	1,217,002	1,385,000	2,678,002
Proceeds from notes payable	**–**	1,000,000	111,950	1,661,078
Proceeds from preferred shares	**–**	1,000,000	–	1,000,000
	–	3,217,002	1,496,950	5,339,080
Net (Decrease) Increase In Cash	**(585,295)**	(149,273)	862,759	143,280
Cash, Beginning Of Period	**728,575**	877,848	15,089	–
Cash, End Of Period	$ **143,280**	$ 728,575	$ 877,848	$ 143,280
Non-cash Financing Activities				
Common stock issued to settle debt	$ **–**	$ 403,211	$ –	$ 984,841
Supplemental Disclosure of Cash Flow Information				
Interest paid	$ **–**	$ –	$ –	$ –
Income taxes paid	$ **–**	$ –	$ –	$ –

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIENCY) EQUITY
PERIOD FROM INCEPTION, OCTOBER 5, 2000, TO DECEMBER 31, 2012

(Stated in U.S. Dollars)

	COMMON STOCK						
	NUMBER OF COMMON SHARES	PAR VALUE	ADDITIONAL PAID-IN CAPITAL	SHARE SUBSCRIPTIONS RECEIVED	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
Balance, October 5, 2000	-	$ -	$ -	$ -	$ -	$ -	$ -
November 2000 - Shares issued for cash at $0.001	6,500,000	6,500	-	-	-	-	6,500
November 2000 - Shares issued for cash at $0.01	6,000,000	6,000	54,000	-	-	-	60,000
December 2000 - Shares issued for cash at $0.25	38,000	38	9,462	-	-	-	9,500
Translation adjustment	-	-	-	-	-	660	660
Net loss for the period	-	-	-	-	(7,310)	-	(7,310)
Balance, December 31, 2000	12,538,000	12,538	63,462	-	(7,310)	660	69,350
Translation adjustment	-	-	-	-	-	(752)	(752)
Net loss for the year	-	-	-	-	(54,811)	-	(54,811)
Balance, December 31, 2001	12,538,000	12,538	63,462	-	(62,121)	(92)	13,787
Translation adjustment	-	-	-	-	-	16	16
Net loss for the year	-	-	-	-	(24,972)	-	(24,972)
Balance, December 31, 2002	12,538,000	12,538	63,462	-	(87,093)	(76)	(11,169)
Translation adjustment	-	-	-	-	-	(205)	(205)
Net loss for the year	-	-	-	-	(271,508)	-	(271,508)
Balance, December 31, 2003	12,538,000	12,538	63,462	-	(358,601)	(281)	(282,882)
Translation adjustment	-	-	-	-	-	281	281
Net loss for the year	-	-	-	-	(72,049)	-	(72,049)
Balance, December 31, 2004	12,538,000	12,538	63,462	-	(430,650)	-	(354,650)
Net loss for the year	-	-	-	-	(49,562)	-	(49,562)
Balance, December 31, 2005	12,538,000	12,538	63,462	-	(480,212)	-	(404,212)
Net loss for the year	-	-	-	-	(67,488)	-	(67,488)
Balance, December 31, 2006	12,538,000	12,538	63,462	-	(547,700)	-	(471,700)
Net loss for the year	-	-	-	-	(74,191)	-	(74,191)
Balance, December 31, 2007	12,538,000	12,538	63,462	-	(621,891)	-	(545,891)
Net loss for the year	-	-	-	-	(104,412)	-	(104,412)
Balance, December 31, 2008	12,538,000	12,538	63,462	-	(726,303)	-	(650,303)
September 2009 - Shares issued for settling debt at $0.015	38,775,366	38,775	542,855	-	-	-	581,630
Shares issued pursuant to share exchange agreement (Note 1)	4,789,035	4,789	953,018	-	(190,387)	-	767,420
Net loss for the year	-	-	-	-	(351,291)	-	(351,291)
Balance, December 31, 2009	56,102,401	56,102	1,559,335	-	(1,267,981)	-	347,456
Share subscriptions received	-	-	-	1,385,000	-	-	1,385,000
Net loss for the year	-	-	-	-	(1,102,197)	-	(1,102,197)
Balance, December 31, 2010	56,102,401	56,102	1,559,335	1,385,000	(2,370,178)	-	630,259
Shares issued for cash at $0.20	13,010,000	13,010	2,588,992	(1,385,000)	-	-	1,217,002
Shares issued for settling debt at $0.20	2,016,055	2,016	401,195	-	-	-	403,211
Stock-based compensation	-	-	195,399	-	-	-	195,399
Net loss for the year	-	-	-	-	(3,175,999)	-	(3,175,999)
Balance, December 31, 2011	71,128,456	71,128	4,744,921	-	(5,546,177)	-	(730,128)
Stock-based compensation	-	-	81,178	-	-	-	81,178
Net loss for the year	-	-	-	-	(3,132,952)	-	(3,132,952)
Balance, December 31, 2012	**71,128,456**	**$ 71,128**	**$ 4,826,099**	**$ -**	**$ (8,679,129)**	**$ -**	**$ (3,781,902)**

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

QWICK MEDIA INC.
(A Development Stage Company)

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Organization

Qwick Media Inc. ("the Company") is governed by the corporate laws of the Cayman Islands. It is currently a reporting issuer in the Province of British Columbia, Canada. Principal executive offices are located in Vancouver, British Columbia, Canada. The registered office is in the Cayman Islands.

The Company was incorporated on October 5, 2000 under the laws of the State of Nevada. Effective June 26, 2006, it re-domiciled from the State of Nevada to the State of Washington. Effective July 7, 2009, it re-domiciled from the State of Washington to the State of Wyoming for the sole purpose of effecting a continuance to the Cayman Islands. Effective July 28, 2009, the Company re-domiciled to the Cayman Islands and became a foreign private issuer with the US Securities and Exchange Commission ("SEC").

On October 6, 2009, the Company changed its name from "Tuscany Mineral, Ltd." to "Tuscany Minerals Ltd.". On June 22, 2010, the Company changed its name to "Qwick Media Inc."

On January 28, 2011, the Company completed the acquisition of Qeyos Ad Systems Inc. ("Qeyos"), pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each common share of Qeyos. As a result of the acquisition of the Qeyos shares, the Company ceased to be a shell company and is now in the business of developing interactive proprietary software, intellectual property and hardware.

On April 19, 2011, the Company incorporated Wuxi Xun Fu Information Technology Co., Ltd. in China, a wholly-owned subsidiary of the Company.

For accounting purposes, the acquisition is being accounted for at historical carrying values in a manner similar to the pooling of interests method since the chief executive officer and controlling shareholder of the Company is also the chief executive officer and controlling shareholder of Qeyos. Transfers or exchanges of equity instruments between entities under common control are recorded at the carrying amount of the transferring entity at the date of transfer and fair value, goodwill or other intangible asset adjustments are not recorded. Our consolidated financial statements and reported results of operations reflect these carryover values, and our reported results of operations and stockholders' equity have been retroactively restated for all periods presented to reflect the results of operations of Qeyos and the Company as if the acquisition had occurred on September 30, 2009, the date the Company and Qeyos commenced common control.

For all periods presented, all significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

a) Organization (Continued)

Condensed combined summaries of operations for the year ended December 31, 2010 is presented below:

	Year Ended December 31, 2010			
	Qwick Media Inc.	Qeyos Ad Systems Inc.	Intercompany Adjustments	Combined
Revenues	$ –	$ 2,718	$ –	$ 2,718
Expenses				
Advertising and promotion	–	8,610	–	8,610
Amortization	–	320	–	320
Consulting fees	–	74,136	–	74,136
Filing and stock transfer fees	838	–	–	838
Foreign exchange	–	71,045	(8,847)	62,198
Interest and bank charges	19,097	572	–	19,669
Management fees	78,903	25,153	–	104,056
Office and administrative	13,452	53,212	–	66,664
Professional fees	75,726	48,152	–	123,878
Salaries, wages and benefits	–	445,834	–	445,834
Software development costs	–	179,222	–	179,222
Travel	–	19,490	–	19,490
Total Expenses	188,016	925,746	(8,847)	1,104,915
Net Loss For The Year	$ (188,016)	$ (923,028)	$ 8,847	$ (1,102,197)

b) Development Stage Activities

The Company had been in the exploration stage since its formation and had not realized any revenues during the exploration stage. The Company had previous exploration activities in the natural gas and oil business in 2003 and in the acquisition and exploration of mining properties prior to 2003. As at December 31, 2010, the Company was an inactive shell company.

On January 28, 2011, the Company acquired Qeyos Ad Systems Inc., which is in the business of developing and customizing software and hardware for use in digital media kiosks. Accordingly, the Company ceased to be an inactive shell company and became a development stage company.

c) Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

c) Going Concern (Continued)

As shown in the accompanying consolidated financial statements, the Company has incurred accumulated losses of $8,679,129 for the period from October 5, 2000 (inception) to December 31, 2012. The future of the Company is dependent upon its ability to obtain adequate financing and upon future profitable operations. Management has plans to seek additional capital financing through private placement and a public offering of the Company's common stock and from the issuance of promissory notes. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of the Company's wholly owned subsidiaries, Qeyos Ad Systems Inc., incorporated in Canada, and Wuxi Xun Fu Information Technology Co., Ltd., incorporated in China. The Company's fiscal year-end is December 31. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and Cash Equivalents

Cash consists of cash on deposit with high quality major financial institutions. The carrying amounts approximated fair market value due to the liquidity of these deposits. For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The Company had no cash equivalents at December 31, 2012 and 2011.

b) Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Management evaluates estimates and judgments on an ongoing basis. Actual results could differ from these estimates. The significant areas requiring management's estimates and assumptions include the fair value of shares issued to settle debt, stock based compensation, valuation of accounts receivable and inventory, estimated life, amortization rates and impairment of long-lived assets, valuation allowance for income tax purposes, and fair value measurement of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Revenue Recognition

The Company recognizes revenue when all of the following criteria are met: (1) the Company has evidence of an arrangement with a customer; (2) the Company delivers the specified products; (3) license agreement terms are fixed or determinable and free of contingencies or uncertainties that may alter the agreement such that it may not be complete and final; and (4) collection is probable.

The Company has granted a software license which provides for the right to receive payment of a royalty fee based on a percentage of revenues earned by the licensee from the use of the software. Royalty revenues arising from software licenses with an undefined or expected term exceeding three years are generally recognized as received or receivable when the other revenue criteria noted above are satisfied.

d) Software Development Costs

The Company accounts for software development costs in accordance with ASC 985-20, Software - Cost of Software to Be Sold, Leased, whereby costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established and all research and development activities for the other components of the product or processes have been completed, at which time any additional costs are capitalized.

To December 31, 2012, software development costs have been charged to operations as the research and development activities for other components of the product and processes have not been completed.

In accordance with ASC 985-705, software modification costs to satisfy hardware upgrades and changes in system configurations are treated as maintenance costs. Maintenance costs are expensed as incurred or recognized with related revenues, whichever occurs first.

e) Inventory

Inventory is recorded at the lower of cost or market with cost being determined on the weighted average method. When required, a provision is made to reduce excess and obsolete inventory to estimated net realizable value. The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale. Inventory consists of computers, general, monitors, printers, modems, and parts and enclosures.

f) Equipment and Amortization

Equipment is recorded at cost and amortized using the declining-balance and straight-line method at rates determined to estimate the useful lives of the assets. The annual rates used in calculating amortization are as follows:

Computer hardware	30% declining-balance
Computer software	50% declining-balance
Office furniture	20% declining-balance
Equipment	30% declining-balance
Leasehold improvements	straight-line over the term of the lease

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in foreign currency are translated in accordance with SFAS 52, Foreign Currency Translation (codified in ASC Topic 830, Foreign Currency Matters), into U.S. dollars and reporting as follows:

i) monetary items at the exchange rate prevailing at the balance sheet date;

ii) non-monetary items at the historical exchange rate;

iii) revenue and expense at the average exchange rate in effect during the applicable accounting period.

Gains and losses on foreign currency transactions are reported in the statements of operations.

h) Basic and Diluted Loss Per Share

The Company computes loss per share in accordance with ASC 260, Earnings Per Share. Under these provisions, basic loss per share is computed using the weighted average number of common stock outstanding during the periods. Diluted loss per share is computed using the weighted average number of common and potentially dilutive common stock outstanding during the period. As the Company generated net losses in the periods presented, the basic and diluted loss per share is the same as the exercise of options or warrants would be anti-dilutive.

i) Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers are:

- Level 1 – defined as observable inputs such as quoted prices in active markets;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Cash consists of cash on deposit with a high quality major financial institution. The carrying cost approximates fair value due to the liquidity of these deposits. The carrying amounts of other financial assets and liabilities comprising accounts receivable, accounts payable and accrued liabilities, due to related parties, promissory notes and notes payable, were a reasonable approximation of their fair value.

j) Income Taxes

The Company has adopted ASC 740, Income Taxes. This standard requires the use of an asset and liability approach for financial accounting, and reporting on income taxes. Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Asset Impairment

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable, pursuant to guidance established in ASC 360-50, Impairment or Disposal of Long-lived Assets. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by its assets to their respective carrying amounts. If impairment is deemed to exist, assets are written down to fair value.

l) Comprehensive Loss

ASC 220, Comprehensive Income establishes standards for the reporting and display of comprehensive items in the consolidated financial statements. As at December 31, 2012, 2011 and 2010, the Company had no items that represent a comprehensive income or loss and, therefore, has not included a statement of comprehensive loss in the consolidated financial statements.

m) Equity Instruments

In situations where common shares are issued and the fair value of the goods or services received is not readily determinable, the fair value of the common shares is used to measure and record the transaction. The fair value of the common shares issued in exchange for the receipt of goods and services is based on the stock price as of the earliest of:

i) the date at which the counterparty's performance is complete;
ii) the date at which a commitment for performance by the counterparty to earn the common shares is reached; or
iii) the date at which the common shares are issued if they are fully vested and non-forfeitable at that date.

The Company has a stock-based compensation plan which is described more fully in Note 9. The Company measures the compensation cost of stock options and other stock-based awards to employees and directors at fair value at the grant date and recognizes compensation expense over the requisite service period for awards expected to vest.Except for transactions with employees and directors, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received, or the fair value of the equity instruments issued, whichever is more reliably measurable. Additionally, the Company has determined that the dates used to value the transaction are either:

i) The date at which a commitment for performance by the counter party to earn the equity instruments is established; or
ii) The date at which the counter party's performance is complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Recent Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-02, *"Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income"*. The updated guidance requires expanded disclosures for amounts reclassified out of accumulated other comprehensive income by component. The guidance requires the presentation of amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, a cross-reference to other disclosures that provide additional detail about those amounts is required. The guidance is to be applied prospectively for reporting periods beginning after December 15, 2012. Accordingly, the Company will adopt ASU No. 2013-02 commencing January 1, 2013. The new guidance affects disclosures only and will have no impact on the Company's results of operations or financial position.

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-04, *"Technical Corrections and Improvements"*. The amendments in this update cover a wide range of Topics in the Accounting Standards Codification. These amendments include technical corrections and improvements to the Accounting Standards Codification and conforming amendments related to fair value measurements. The amendments in this update will be effective for fiscal periods beginning after December 15, 2012. The Company will adopt ASU No. 2012-02 effective January 1, 2013; however, the Company does not expect such adoption to have a material impact on its financial position or results of operations.

In August 2012, the FASB issued ASU No. 2012-03, *"Technical Amendments and Corrections to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 114, Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22 (SEC Update)"* in Accounting Standards Update No. 2012-03. This update amends various SEC paragraphs pursuant to the issuance of SAB No. 114. The adoption of ASU No. 2012-03 is not expected to have a material impact on the Company's financial position or results of operations.

In July 2012, the FASB issued ASU No. 2012-02, *"Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment"* in Accounting Standards Update No. 2012-02. This update amends ASU No. 2011-08, *"Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment"* and permits an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, *"Intangibles Goodwill and Other General Intangibles Other than Goodwill"*. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before July 27, 2012, if a public entity's financial statements for the most recent annual or interim period have not yet been issued or, for non-public entities, have not yet been made available for issuance. The Company will adopt ASU No. 2012-02 effective January 1, 2013; however, the Company does not expect such adoption to have a material impact on its financial position or results of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Recent Accounting Pronouncements (Continued)

In November 2011, ASC guidance was issued related to disclosures about offsetting assets and liabilities. The new standard requires disclosures to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under IFRS. The update is effective for the Company's fiscal year beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required. In January 2013, ASC guidance was issued to clarify that the disclosure requirements are limited to derivatives, repurchase agreements, and securities lending transactions to the extent that they are (i) offset in the financial statements or (ii) subject to an enforceable master netting arrangement or similar agreement. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

3. INVENTORY

	2012	2011
Computers	**$ 2,765**	$ 23,654
Monitors	**31,146**	38,389
Printers	**-**	19,715
Parts and enclosures	**291,301**	214,624
General	**18,996**	-
	$ 344,208	$ 296,382

4. PROPERTY AND EQUIPMENT

	2012		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer hardware	**$ 38,713**	**$ 19,569**	**$ 19,144**
Computer software	**1,324**	**1,182**	**142**
Office furniture	**21,012**	**6,926**	**14,086**
Equipment	**41,882**	**13,257**	**28,625**
Leasehold improvements	**47,628**	**29,287**	**18,341**
	$ 150,559	**$ 70,221**	**$ 80,338**

4. PROPERTY AND EQUIPMENT (Continued)

	2011		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 38,713	$ 8,336	$ 30,377
Computer software	1,324	543	781
Office furniture	14,511	1,716	12,795
Equipment	11,929	3,075	8,854
Leasehold improvements	47,628	14,009	33,619
	$ 114,105	$ 27,679	$ 86,426

5. CONVERTIBLE NOTE AND ACCRUED INTEREST PAYABLE

On August 5, 2011, the Company closed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of a $1,000,000 secured convertible debenture (the "Debenture"). The Debenture has a maturity date of July 30, 2015, and bears interest at 10% per annum. Principal and accrued interest on the Debenture may be convertible at any time into common shares of the Company (the "Conversion Shares") at a deemed conversion price of:

i) $0.60 per Conversion Share until July 30, 2012;

ii) $1.00 per Conversion Share between July 31, 2012 and July 30, 2013; and

iii) $1.50 per Conversion Share between July 31, 2013 and the Maturity Date.

On November 15, 2011, the Company modified the terms of the convertible debenture to allow for the conversion of the principal amount of the Debenture, and accrued interest thereon, into the Company's Class A Preferred Shares rather than common shares of the Company. As the Company did not grant a concession and the modified terms were not substantially different from the original terms, the Company did not apply extinguishment accounting. In addition, as the fair value of the debt was not affected by the modification of the terms, no gain or loss on modification was recorded.

Immediately upon the effectiveness of the amendment, the creditor converted the principal amount of the Debenture, and accrued interest thereon, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of $1.00 per Class A Preferred Share.

6. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING

For the year ended December 31, 2012, the Company carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are related party transactions and amounts owing at December 31, 2012 that are not otherwise disclosed elsewhere:

a) The Company paid management fees of $Nil (2011 - $Nil; 2010 - $63,885) to a company controlled by a director for the year ended December 31, 2012. Pursuant to an agreement dated November 1, 2008, the Company entered into an agreement with the same party in which the Company agreed to pay $5,506 (CDN$5,600) per month for management services on a month-to-month basis.

6. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING (Continued)

b) The Company paid management fees of $256,858 (2011 - $256,327; 2010 - $Nil) to companies controlled by officers for the year ended December 31, 2012.

c) The Company recorded stock-based compensation of $50,004 (2011 - $131,118; 2010 - $Nil) as consulting fees paid to directors and officers for the year ended December 31, 2012.

d) As of December 31, 2012, amounts owing to related parties consists of $2,073,965 owed to a director and companies controlled by a director, and $18,815 owed to a company controlled by an officer. The amounts owed are unsecured, non-interest bearing and due on demand.

e) As of December 31, 2011, amounts owing from related parties consists of $158,474 owed from a director and companies controlled by a director, which is included in accounts receivable.

f) Interest expensed by the Company relating to notes payable due to a company with a common director amounted to $Nil (2011 - $27,945; 2010 - $Nil) for the year ended December 31, 2012.

g) Interest expensed by the Company relating to notes payable due to a company with a common officer amounted to $Nil (2011 - $Nil; 2010 - $158) for the year ended December 31, 2012.

h) On January 28, 2011, the Company issued 4,789,935 common shares of Qeyos to a director of the Company at a fair value of $0.20 per share to settle debt of $957,787.

i) On January 28, 2011, the Company completed the acquisition of Qeyos, a company controlled by the President of the Company, pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each share of Qeyos.

7. INCOME TAXES

The provision for income taxes differs from the result which would be obtained by applying the statutory income tax rate of 34% (2011 - 34%; 2010 – 34%) to income before income taxes. The difference results from the following items:

	2012	2011	2010
Computed expected (benefit) income taxes	**$ (1,023,000)**	$ (1,004,000)	$ (375,000)
Increase in valuation allowance	**1,023,000**	1,004,000	375,000
	$ -	$ -	$ -

Significant components of the Company's deferred income tax assets are as follows:

	2012	2011	2010
Deferred income tax asset	**$ 2,768,000**	$ 1,744,000	$ 740,000
Valuation allowance	**(2,768,000)**	(1,744,000)	(740,000)
	$ -	$ -	$ -

7. INCOME TAXES (Continued)

The Company has net operating losses of approximately $8,140,000 (2011 - $5,131,000; 2010 - $2,177,000), which if unutilized, will expire through to 2032. Future tax benefits, which may arise as a result of these losses, have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

The Company and its subsidiaries file income tax returns in Canada and China. These tax returns are subject to examination by local taxation authorities provided the tax years remain open to audit under the relevant statute of limitations.

8. CAPITAL STOCK

a) Authorized

At December 31, 2012 and 2011, the Company was authorized to issue the following number and classes of shares:

400,000,000 common shares, $0.001 par value;

100,000,000 preferred shares, $0.001 par value, and series as determined by directors.

b) Common Stock

On January 28, 2011, the Company issued 10,000,000 common shares at $0.20 per share pursuant to a private placement for proceeds of $2,000,000, of which $1,385,000 was included in share subscriptions at December 31, 2010.

On January 28, 2011, the Board of Directors of the Company authorized the issuance of 637,140 common shares at a price of $0.20 per share in settlement of $127,428 notes and accrued interest payable.

On January 28, 2011, the Company completed the acquisition of Qeyos, pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each common share of Qeyos.

On May 30, 2011, the Board of Directors of the Company authorized the issuance of 1,378,915 common shares at a price of $0.20 per share in settlement of $275,783 notes and accrued interest payable.

On May 30, 2011, the Company issued 3,010,000 common shares at $0.20 per share pursuant to a private placement for proceeds of $602,002.

9. STOCK OPTIONS

During the year ended December 31, 2011, the Company adopted a Stock Option Plan under which the Company can grant up to 6,620,230 shares of its common stock to the officers, directors, employees and consultants.

On January 28, 2011, the Company granted 2,400,000 stock options to directors, officers, and employees exercisable at $0.20 per share to December 29, 2015. The options vest 50% on the date of grant, 25% on the first anniversary and 25% on the second anniversary. During the year ended December 31, 2012, the Company recorded stock-based compensation of $40,146 (2011 - $185,113) as consulting expense related to these options.

9. STOCK OPTIONS (Continued)

On May 1, 2011, the Company granted 300,000 stock options to a consultant exercisable at $0.20 per share to December 29, 2015. The options vest 50% on the date of grant, 25% on the first anniversary and 25% on the second anniversary. During the year ended December 31, 2012, the Company recorded stock-based compensation of $29,993 (2011 - $21,832) as consulting expense related to these options.

On July 1, 2011, the Company granted 60,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015. During the year ended December 31, 2012, the Company recorded stock-based compensation of $963 (2011 - $682) as consulting expense related to these options.

On November 1, 2011, the Company granted 360,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015. During the year ended December 31, 2012, the Company recorded stock-based compensation of $9,736 (2011 - $682) as consulting expense related to these options.

On March 1, 2012, the Company granted 300,000 stock options to a consultant exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on February 28, 2013. Another 25% vest on the first anniversary and expire on February 28, 2014. The last 25% vest on the second anniversary and expire on February 28, 2015. During the year ended December 31, 2012, the Company recorded stock-based compensation of $340 as consulting expense related to these options.

The fair values of stock options granted were estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average grant date fair value of stock options granted during the years ended December 31, 2012 and 2011 was $0.001 and $0.10 respectively. During the year ended December 31, 2012, the Company recorded stock-based compensation of $81,178 (2011 - $195,399) as consulting expense related to the vesting of stock options.

The fair value assumptions used were as follows:

	2012	2011
Expected dividend yield	**0%**	0%
Risk-free interest rate	**0.43%**	1.92%
Expected volatility	**54%**	66%
Expected option life (in years)	**1.00**	4.54 – 5.00

9. STOCK OPTIONS (Continued)

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2010	-	$ –	–	$ –
Granted	3,120,000	$0.25		
Cancelled	(400,000)	$0.20		
Outstanding, December 31, 2011	2,720,000	$0.26	4.98	$ –
Granted	300,000	$0.60		
Expired	(200,000)	$0.20		
Outstanding, December 31, 2012	**2,820,000**	**$0.30**	**2.56**	**$ –**
Exercisable, December 31, 2012	**2,040,000**	**$0.29**	**2.50**	**$ –**

A summary of the status of the Company's non-vested options at December 31, 2012, and changes during the years ended December 31, 2012 and 2011 are presented below:

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2010	–	$ –
Granted	3,120,000	$0.10
Cancelled	(400,000)	$0.10
Vested	(1,360,000)	$0.10
Non-vested at December 31, 2011	1,360,000	$0.10
Granted	300,000	$0.001
Expired	(50,000)	$0.11
Vested	(830,000)	$0.08
Non-vested at December 31, 2012	**780,000**	**$0.08**

As at December 31, 2012, there was $9,460 (2011 - $71,342) in total unrecognized compensation cost related to non-vested stock options.

9. STOCK OPTIONS (Continued)

As at December 31, 2012, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
150,000*	$0.60	February 28, 2013
210,000	$0.60	July 30, 2013
75,000	$0.60	February 28, 2014
105,000	$0.60	July 30, 2014
75,000	$0.60	February 28, 2015
105,000	$0.60	July 30, 2015
2,100,000	$0.20	December 29, 2015
2,820,000		

* Subsequent to year-end, these stock options expired unexercised.

10. REDEEMABLE PREFERRED STOCK

On November 15, 2011, the Company created one series of the 100,000,000 preferred shares it is authorized to issue, consisting of 25,000,000 shares, to be designated as Class A Preferred Shares. The principal terms of the Class A Preferred Shares are as follows:

Voting rights – The Class A Preferred Shares have voting rights (one vote per share) equal to those of the Company's common stock.

Dividend rights – The Class A Preferred Shares carry a cumulative cash dividend of 10% per annum.
Conversion rights – The holders of the Class A Preferred Shares have the right to convert the Class A Preferred Shares, from time to time, at the option of the holder, into one common share until July 31, 2015 at the following conversion prices:

i) $0.60 per Common Share if converted at any time up to and including July 31, 2012;

ii) $1.00 per Common Share if converted at any time between August 1, 2012 and July 31, 2013; and

iii) $1.50 per Common Share if converted at any time between August 1, 2013 and July 31, 2015.

Redemption rights – At any time, the holders of the Class A Preferred Shares may elect to have the Company redeem the Class A Preferred Shares for an amount equal to $1.00 per share. At any time, the Company may redeem the Class A Preferred Shares for an amount equal to $1.00 per share.

The Company has classified the Class A Preferred Shares as temporary equity because they are redeemable beyond the control of the issuer.

The Company completed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of the issuance of 1,000,000 Class A Preferred Shares at a price of $1.00 per Class A Share for gross proceeds of $1,000,000.

The Company converted the principal amount of a Debenture and accrued interest thereon, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of $1.00 per Class A Preferred Share.

10. REDEEMABLE PREFERRED STOCK (Continued)

The following table reflects activity in Class A Preferred Shares:

	Number of Class A Preferred Shares	Amount
Balance, December 31, 2010	–	$ –
Issuance of preferred shares for cash	1,000,000	1,000,000
Issuance of preferred shares upon conversion of note	1,027,945	1,027,945
Balance, December 31, 2012 and 2011	**2,027,945**	**$ 2,027,945**

11. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters other than disclosed below. Management services provided are on a month-to-month basis.

On February 21, 2012, the Company entered into a consulting agreement. Pursuant to the agreement, the Company will pay the consultant $6,000 per month for a period of three years commencing March 1, 2012.

The Company has entered into two leases for the provision of office space until January 31, 2014. The Company's future minimum lease payments for the two leases are as follows:

Fiscal year ending December 31, 2013	$ 139,000 (Cdn$138,295)
Fiscal year ending December 31, 2014	11,583 (Cdn$11,525)
	$ 150,583 (Cdn$149,820)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table presents information about the Company's financial instruments that have been measured at fair value as of December 31, 2012, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair values:

DECEMBER 31, 2012	**FAIR VALUE INPUT LEVEL**	**HELD-FOR-TRADING**	**TOTAL CARRYING VALUE**	**FAIR VALUE**
Financial assets				
Cash	**1**	**$ 143,280**	**$ 143,280**	**$ 143,280**

DECEMBER 31, 2011	FAIR VALUE INPUT LEVEL	HELD-FOR-TRADING	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets				
Cash	1	$ 728,575	$ 728,575	$ 728,575

Due to the nature of cash, accounts receivable, accounts payable, and redeemable preferred stock, the fair value of these instruments approximated their carrying value.

13. SEGMENTED INFORMATION

The Company's business is considered as operating in one segment being the development of software and hardware for use in digital media kiosks.

APPENDIX D

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011, 2010, and 2009

(Stated in U.S. Dollars)

MORGAN & COMPANY
CHARTERED ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Stockholders of
Qwick Media Inc.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Qwick Media Inc. (a development stage company) and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 2011, and for the cumulative period from October 5, 2000 (date of inception) to December 31, 2011, and stockholders' (deficiency) equity for the cumulative period from October 5, 2000 (date of inception) to December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Qwick Media Inc. and subsidiaries as of December 31, 2011 and 2010, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2011, and for the cumulative period from October 5, 2000 (date of inception) to December 31, 2011, in conformity with United States generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, has negative cash flows, has a stockholders' deficiency and is dependent upon obtaining adequate financing to fulfil its development activities and upon future profitable operations. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada

April 27, 2012

"Morgan & Company"

Chartered Accountants

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MEMBER OF
jhi

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Vancouver, BC V7Y 1A1

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Stated in U.S. Dollars)

	DECEMBER 31	
	2011	2010
ASSETS		
Current		
Cash	**$ 728,575**	$ 877,848
Accounts receivable	**381,955**	51,080
Inventory	**296,382**	117,088
Prepaid expenses	**49,510**	–
Total Current Assets	**1,456,422**	1,046,016
Property and Equipment	**86,426**	42,344
Total Assets	**$ 1,542,848**	$ 1,088,360
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 111,831**	$ 54,890
Due to related parties	**109,309**	–
Notes and accrued interest payable	**–**	127,428
Promissory note and accrued interest payable	**–**	275,783
Accrued dividends payable	**23,891**	–
Total Liabilities	**245,031**	458,101
Redeemable Preferred Stock	**2,027,945**	–
STOCKHOLDERS' (DEFICIENCY) EQUITY		
Common Stock	**71,128**	56,102
Additional Paid-in Capital	**4,744,921**	1,559,335
Share Subscriptions Received	**–**	1,385,000
Deficit Accumulated During The Development Stage	**(5,546,177)**	(2,370,178)
Total Stockholders' (Deficiency) Equity	**(730,128)**	630,259
Total Liabilities and Stockholders' (Deficiency) Equity	**$ 1,542,848**	$ 1,088,360

Commitments and Contractual Obligations (Notes 1 and 14)

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31,			PERIOD FROM DATE OF INCEPTION OCTOBER 5, 2000 TO DECEMBER 31,
	2011	2010	2009	2011
Revenue	**$ 84,145**	$ 2,718	$ –	$ 93,014
Expenses				
Advertising and promotion	**149,372**	8,610	3,530	155,800
Amortization	**26,284**	320	18	26,580
Consulting fees	**277,825**	74,136	9,316	363,482
Filing fees	**13,997**	838	8,088	31,015
Foreign exchange	**8,252**	62,198	5,677	332,011
Interest and bank charges	**56,147**	19,669	34,488	270,191
Management fees	**242,326**	104,056	107,009	530,119
Mineral property exploration expenditures	–	–	–	8,500
Mineral property option payments	–	–	–	3,428
Office and administrative	**527,438**	66,664	4,425	568,429
Oil and gas property development expenditures	–	–	–	202,686
Professional fees	**98,617**	123,878	106,722	545,189
Rent	**178,706**	–	1,337	217,593
Salaries, wages and benefits	**1,135,857**	445,834	–	1,581,691
Software development costs	**442,579**	179,222	70,672	638,660
Travel	**102,744**	19,490	9	163,817
Total Expenses	**3,260,144**	1,104,915	351,291	5,639,191
Net Loss For The Period	**$ (3,175,999)**	$ (1,102,197)	$ (351,291)	$ (5,546,177)
Basic And Diluted Loss Per Common Share	**$ (0.05)**	$ (0.02)	$ (0.02)	
Weighted Average Number Of Common Shares Outstanding	**61,940,000**	51,313,000	22,312,000	

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

QWICK MEDIA INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)

	YEARS ENDED DECEMBER 31, 2011	2010	2009	PERIOD FROM DATE OF INCEPTION OCTOBER 5, 2000 TO DECEMBER 31, 2011
Cash Flows (Used In) Provided By:				
Operating Activities				
Net loss for the period	**$ (3,175,999)**	$ (1,102,197)	$ (351,291)	$ (5,546,177)
Adjustments to reconcile net loss to cash used by operating activities:				
Amortization	**26,284**	320	18	26,580
Foreign exchange loss	–	–	18,456	226,512
Stock-based compensation	**195,399**	–	–	195,399
Changes in operating assets and liabilities:				
Accounts receivable	**(330,875)**	(49,407)	(373)	(380,655)
Prepaid expenses	**(49,510)**	–	–	(49,510)
Inventory	**(179,294)**	(117,088)	–	(296,382)
Due to and from related parties	**109,309**	626,933	122,954	841,527
Accrued dividends payable	**23,891**	–	–	23,891
Accounts payable and accrued liabilities	**74,252**	49,121	42,002	434,449
	(3,306,543)	(592,318)	(168,234)	(4,524,366)
Investing Activities				
Subsidiary cash upon acquisition	–	–	–	15,465
Purchase of property and equipment	**(59,732)**	(41,873)	(41)	(101,604)
	(59,732)	(41,873)	(41)	(86,139)
Financing Activities				
Proceeds from share issuances	**1,217,002**	1,385,000	–	2,678,002
Proceeds from notes payable	**1,000,000**	111,950	167,240	1,661,078
Proceeds from preferred shares	**1,000,000**	–	–	1,000,000
	3,217,002	1,496,950	167,240	5,339,080
Net (Decrease) Increase In Cash	**(149,273)**	862,759	(1,035)	728,575
Cash, Beginning Of Period	**877,848**	15,089	16,124	–
Cash, End Of Period	**$ 728,575**	$ 877,848	$ 15,089	$ 728,575
Non-cash Financing Activities				
Common stock issued to settle debt	**$ 403,211**	$ –	$ 581,630	$ 984,841
Supplemental Disclosure of Cash Flow Information				
Interest paid	**$ –**	$ –	$ –	$ –
Income taxes paid	**$ –**	$ –	$ –	$ –

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

QWICK MEDIA INC.
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' (DEFICIENCY) EQUITY
PERIOD FROM INCEPTION, OCTOBER 5, 2000, TO DECEMBER 31, 2011

(Stated in U.S. Dollars)

	COMMON STOCK						
	NUMBER OF COMMON SHARES	PAR VALUE	ADDITIONAL PAID-IN CAPITAL	SHARE SUBSCRIPTIONS RECEIVED	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
Balance, October 5, 2000	-	$ -	$ -	$ -	$ -	$ -	$ -
November 2000 - Shares issued for cash at $0.001	6,500,000	6,500	-	-	-	-	6,500
November 2000 - Shares issued for cash at $0.01	6,000,000	6,000	54,000	-	-	-	60,000
December 2000 - Shares issued for cash at $0.25	38,000	38	9,462	-	-	-	9,500
Translation adjustment	-	-	-	-	-	660	660
Net loss for the period	-	-	-	-	(7,310)	-	(7,310)
Balance, December 31, 2000	12,538,000	12,538	63,462	-	(7,310)	660	69,350
Translation adjustment	-	-	-	-	-	(752)	(752)
Net loss for the year	-	-	-	-	(54,811)	-	(54,811)
Balance, December 31, 2001	12,538,000	12,538	63,462	-	(62,121)	(92)	13,787
Translation adjustment	-	-	-	-	-	16	16
Net loss for the year	-	-	-	-	(24,972)	-	(24,972)
Balance, December 31, 2002	12,538,000	12,538	63,462	-	(87,093)	(76)	(11,169)
Translation adjustment	-	-	-	-	-	(205)	(205)
Net loss for the year	-	-	-	-	(271,508)	-	(271,508)
Balance, December 31, 2003	12,538,000	12,538	63,462	-	(358,601)	(281)	(282,882)
Translation adjustment	-	-	-	-	-	281	281
Net loss for the year	-	-	-	-	(72,049)	-	(72,049)
Balance, December 31, 2004	12,538,000	12,538	63,462	-	(430,650)	-	(354,650)
Net loss for the year	-	-	-	-	(49,562)	-	(49,562)
Balance, December 31, 2005	12,538,000	12,538	63,462	-	(480,212)	-	(404,212)
Net loss for the year	-	-	-	-	(67,488)	-	(67,488)
Balance, December 31, 2006	12,538,000	12,538	63,462	-	(547,700)	-	(471,700)
Net loss for the year	-	-	-	-	(74,191)	-	(74,191)
Balance, December 31, 2007	12,538,000	12,538	63,462	-	(621,891)	-	(545,891)
Net loss for the year	-	-	-	-	(104,412)	-	(104,412)
Balance, December 31, 2008	12,538,000	12,538	63,462	-	(726,303)	-	(650,303)
September 2009 - Shares issued for settling debt at $0.015	38,775,366	38,775	542,855	-	-	-	581,630
Shares issued pursuant to share exchange agreement (Note 1)	4,789,035	4,789	953,018	-	(190,387)	-	767,420
Net loss for the year	-	-	-	-	(351,291)	-	(351,291)
Balance, December 31, 2009	56,102,401	56,102	1,559,335	-	(1,267,981)	-	347,456
Share subscriptions received	-	-	-	1,385,000	-	-	1,385,000
Net loss for the year	-	-	-	-	(1,102,197)	-	(1,102,197)
Balance, December 31, 2010	56,102,401	56,102	1,559,335	1,385,000	(2,370,178)	-	630,259
Shares issued for cash at $0.20	13,010,000	13,010	2,588,992	(1,385,000)	-	-	1,217,002
Shares issued for settling debt at $0.20	2,016,055	2,016	401,195	-	-	-	403,211
Stock-based compensation	-	-	195,399	-	-	-	195,399
Net loss for the year	-	-	-	-	(3,175,999)	-	(3,175,999)
Balance, December 31, 2011	**71,128,456**	**$ 71,128**	**$ 4,744,921**	**$ -**	**$ (5,546,177)**	**$ -**	**$ (730,128)**

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

QWICK MEDIA INC.
(A Development Stage Company)

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Organization

Qwick Media Inc. ("the Company") is governed by the corporate laws of the Cayman Islands. It is currently a reporting issuer in the Province of British Columbia, Canada. Principal executive offices are located in Vancouver, British Columbia, Canada. The registered office is in the Cayman Islands.

The Company was incorporated on October 5, 2000 under the laws of the State of Nevada. Effective June 26, 2006, it re-domiciled from the State of Nevada to the State of Washington. Effective July 7, 2009, it re-domiciled from the State of Washington to the State of Wyoming for the sole purpose of effecting a continuance to the Cayman Islands. Effective July 28, 2009, the Company re-domiciled to the Cayman Islands and became a foreign private issuer with the US Securities and Exchange Commission ("SEC").

On October 6, 2009, the Company changed its name from "Tuscany Mineral, Ltd." to "Tuscany Minerals Ltd.". On June 22, 2010, the Company changed its name to "Qwick Media Inc."

On January 28, 2011, the Company completed the acquisition of Qeyos Ad Systems Inc. ("Qeyos"), pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each common share of Qeyos. As a result of the acquisition of the Qeyos shares, the Company ceased to be a shell company and is now in the business of developing interactive proprietary software, intellectual property and hardware.

On April 19, 2011, the Company incorporated Wuxi Xun Fu Information Technology Co., Ltd. in China, a wholly-owned subsidiary of the Company.

For accounting purposes, the acquisition is being accounted for at historical carrying values in a manner similar to the pooling of interests method since the chief executive officer and controlling shareholder of the Company is also the chief executive officer and controlling shareholder of Qeyos. Transfers or exchanges of equity instruments between entities under common control are recorded at the carrying amount of the transferring entity at the date of transfer and fair value, goodwill or other intangible asset adjustments are not recorded. Our consolidated financial statements and reported results of operations reflect these carryover values, and our reported results of operations and stockholders' equity have been retroactively restated for all periods presented to reflect the results of operations of Qeyos and the Company as if the acquisition had occurred on September 30, 2009, the date the Company and Qeyos commenced common control.

For all periods presented, all significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

QWICK MEDIA INC.
(A Development Stage Company)

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

a) Organization (Continued)

A condensed combined balance sheet as of December 31, 2010 is presented below:

	December 31, 2010			
	Qwick Media Inc.	Qeyos Ad Systems Inc.	Intercompany Adjustments	Combined
ASSETS				
Current				
Cash	$ 700,996	$ 176,852	$ –	$ 877,848
Accounts receivable	–	51,080	–	51,080
Inventory	–	117,088	–	117,088
Total Current Assets	700,996	345,020	–	1,046,016
Promissory Notes Receivable	639,862	–	(639,862)	–
Property and Equipment	–	42,344	–	42,344
Total Assets	$ 1,340,858	$ 387,364	$ (639,862)	$ 1,088,360
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$ 36,260	$ 18,630	$ –	$ 54,890
Notes and accrued interest payable	127,428	–	–	127,428
Promissory note and accrued interest payable	275,783	639,862	(639,862)	275,783
Total Liabilities	439,471	658,492	(639,862)	458,101
STOCKHOLDERS' EQUITY				
Capital Stock	$ 51,313	$ 957,807	(953,018)	56,102
Additional Paid-in Capital	606,317	–	953,018	1,559,335
Share Subscriptions Received	1,385,000	–	–	1,385,000
Deficit Accumulated During The Development Stage	(1,141,243)	(1,228,935)	–	(2,370,178)
Total Stockholders' Equity	901,387	(271,128)	–	630,259
Total Liabilities and Stockholders' Equity	$ 1,340,858	$ 387,364	$ (639,862)	$ 1,088,360

QWICK MEDIA INC.
(A Development Stage Company)

Notes to the Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

a) Organization (Continued)

Condensed combined summaries of operations for the years ended December 31, 2010 and 2009 is presented below:

	Year Ended December 31, 2010			
	Qwick Media Inc.	Qeyos Ad Systems Inc.	Intercompany Adjustments	Combined
Revenues	$ –	$ 2,718	$ –	$ 2,718
Expenses				
Advertising and promotion	–	8,610	–	8,610
Amortization	–	320	–	320
Consulting fees	–	74,136	–	74,136
Filing and stock transfer fees	838	–	–	838
Foreign exchange	–	71,045	(8,847)	62,198
Interest and bank charges	19,097	572	–	19,669
Management fees	78,903	25,153	–	104,056
Office and administrative	13,452	53,212	–	66,664
Professional fees	75,726	48,152	–	123,878
Salaries, wages and benefits	–	445,834	–	445,834
Software development costs	–	179,222	–	179,222
Travel	–	19,490	–	19,490
Total Expenses	188,016	925,746	(8,847)	1,104,915
Net Loss For The Year	$ (188,016)	$ (923,028)	$ 8,847	$ (1,102,197)

	Year Ended December 31, 2009			
	Qwick Media Inc.	Qeyos Ad Systems Inc.	Intercompany Adjustments	Combined
Revenues	$ –	$ –	$ –	$ –
Expenses				
Advertising and promotion	–	3,530	–	3,530
Amortization	–	18	–	18
Consulting fees	–	9,316	–	9,316
Filing and stock transfer fees	8,088	–	–	8,088
Foreign exchange	18,456	(12,779)	–	5,677
Interest and bank charges	34,311	177	–	34,488
Management fees	55,657	51,352	–	107,009
Office and administrative	3,968	457	–	4,425
Professional fees	106,444	278	–	106,722
Rent	–	1,337	–	1,337
Software development costs	–	70,672	–	70,672
Travel	–	9	–	9
Total Expenses	226,924	124,367	–	351,291
Net Loss For The Year	$ (226,924)	$ (124,367)	$ –	$ (351,291)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

b) Development Stage Activities

The Company had been in the exploration stage since its formation and had not realized any revenues during the exploration stage. The Company had previous exploration activities in the natural gas and oil business in 2003 and in the acquisition and exploration of mining properties prior to 2003. As at December 31, 2010, the Company was an inactive shell company.

On January 28, 2011, the Company acquired Qeyos Ad Systems Inc., which is in the business of developing and customizing software and hardware for use in digital media kiosks. Accordingly, the Company ceased to be an inactive shell company and became a development stage company.

c) Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying consolidated financial statements, the Company has incurred accumulated losses of $5,546,177 for the period from October 5, 2000 (inception) to December 31, 2011. The future of the Company is dependent upon its ability to obtain adequate financing and upon future profitable operations. Management has plans to seek additional capital financing through private placement and a public offering of the Company's common stock and from the issuance of promissory notes. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States, and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of the Company's wholly owned subsidiaries, Qeyos Ad Systems Inc., and Wuxi Xun Fu Information Technology Co., Ltd. The Company's fiscal year-end is December 31. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and Cash Equivalents

Cash consists of cash on deposit with high quality major financial institutions. The carrying amounts approximated fair market value due to the liquidity of these deposits. For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The Company had no cash equivalents at December 31, 2011 or 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Management evaluates estimates and judgments on an ongoing basis. Actual results could differ from these estimates. The significant areas requiring management's estimates and assumptions include the fair value of shares issued to settle debt, stock based compensation, valuation of accounts receivable and inventory, estimated life, amortization rates and impairment of long-lived assets, valuation allowance for income tax purposes, and fair value measurement of financial instruments.

c) Revenue Recognition

Upon achieving full commercial operation, the Company recognizes revenue from software licensing and customization when all of the following criteria are met: (1) the Company has evidence of an arrangement with a customer; (2) the Company delivers the specified products; (3) license agreement terms are fixed or determinable and free of contingencies or uncertainties that may alter the agreement such that it may not be complete and final; and (4) collection is probable.

The Company has granted a software license which provides for the right to receive payment of a royalty fee based on a percentage of revenues earned by the licensee from the use of the software. Royalty revenues arising from software licenses with an undefined or expected term exceeding three years are generally recognized as received or receivable if the other conditions noted above are satisfied.

d) Software Development Costs

The Company accounts for software development costs in accordance with ASC 985-20, Software - Cost of Software to Be Sold, Leased, whereby costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established and all research and development activities for the other components of the product or processes have been completed, at which time any additional costs are capitalized.

To December 31, 2011, software development costs have been charged to operations as the research and development activities for other components of the product and processes have not been completed.

In accordance with ASC 985-705, software modification costs to satisfy hardware upgrades and changes in system configurations are treated as maintenance costs. Maintenance costs are expensed as incurred or recognized with related revenues, whichever occurs first.

c) Inventory

Inventory is recorded at the lower of cost or market with cost being determined on the weighted average method. When required, a provision is made to reduce excess and obsolete inventory to estimated net realizable value. The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale. Inventory consists of computers, monitors, printers, modems, and parts and enclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Equipment and Amortization

Equipment is recorded at cost and amortized using the declining-balance and straight-line method at rates determined to estimate the useful lives of the assets. The annual rates used in calculating amortization are as follows:

Computer hardware	30% declining-balance
Computer software	50% declining-balance
Office furniture	20% declining-balance
Equipment	30% declining-balance
Leasehold improvements	straight-line over the term of the lease

g) Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in foreign currency are translated in accordance with SFAS 52, Foreign Currency Translation (codified in ASC Topic 830, Foreign Currency Matters), into U.S. dollars and reporting as follows:

i) monetary items at the exchange rate prevailing at the balance sheet date;

ii) non-monetary items at the historical exchange rate;

iii) revenue and expense at the average exchange rate in effect during the applicable accounting period.

Gains and losses on foreign currency transactions are reported in the statements of operations.

h) Basic and Diluted Loss Per Share

The Company computes loss per share in accordance with ASC 260, Earnings Per Share. Under these provisions, basic loss per share is computed using the weighted average number of common stock outstanding during the periods. Diluted loss per share is computed using the weighted average number of common and potentially dilutive common stock outstanding during the period. As the Company generated net losses in the periods presented, the basic and diluted loss per share is the same as the exercise of options or warrants would be anti-dilutive.

i) Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers are:

- Level 1 – defined as observable inputs such as quoted prices in active markets;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fair Value of Financial Instruments (Continued)

Cash consists of cash on deposit with a high quality major financial institution. The carrying cost approximates fair value due to the liquidity of these deposits. The carrying amounts of other financial assets and liabilities comprising accounts receivable, accounts payable and accrued liabilities, due to related parties, promissory notes and notes payable, were a reasonable approximation of their fair value.

j) Income Taxes

The Company has adopted ASC 740, Income Taxes. This standard requires the use of an asset and liability approach for financial accounting, and reporting on income taxes. Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

k) Asset Impairment

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable, pursuant to guidance established in ASC 360-50, Impairment or Disposal of Long-lived Assets. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by its assets to their respective carrying amounts. If impairment is deemed to exist, assets are written down to fair value.

l) Comprehensive Loss

ASC 220, Comprehensive Income establishes standards for the reporting and display of comprehensive items in the consolidated financial statements. As at December 31, 2011 and 2010, the Company had no items that represent a comprehensive income or loss and, therefore, has not included a statement of comprehensive loss in the consolidated financial statements.

m) Equity Instruments

In situations where common shares are issued and the fair value of the goods or services received is not readily determinable, the fair value of the common shares is used to measure and record the transaction. The fair value of the common shares issued in exchange for the receipt of goods and services is based on the stock price as of the earliest of:

i) the date at which the counterparty's performance is complete;
ii) the date at which a commitment for performance by the counterparty to earn the common shares is reached; or
iii) the date at which the common shares are issued if they are fully vested and non-forfeitable at that date.

The Company has a stock-based compensation plan which is described more fully in Note 12. The Company measures the compensation cost of stock options and other stock-based awards to employees and directors at fair value at the grant date and recognizes compensation expense over the requisite service period for awards expected to vest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Equity Instruments (Continued)

Except for transactions with employees and directors, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received, or the fair value of the equity instruments issued, whichever is more reliably measurable. Additionally, the Company has determined that the dates used to value the transaction are either:

i) The date at which a commitment for performance by the counter party to earn the equity instruments is established; or

ii) The date at which the counter party's performance is complete.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, "Presentation of Comprehensive Income" ("ASU No. 2011-05"), which improves the comparability, consistency, and transparency of financial reporting and increases the prominence of items reported in Other Comprehensive Income ("OCI") by eliminating the option to present components of OCI as part of the statement of changes in stockholders' equity. The amendments in this standard require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Subsequently in December 2011, the FASB issued Accounting Standards Update No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income" ("ASU No. 2011- 12"), which indefinitely defers the requirement in ASU No. 2011-05 to present on the face of the financial statements reclassification adjustments for items that are reclassified from OCI to net income in the statement(s) where the components of net income and the components of OCI are presented. The amendments in these standards do not change the items that must be reported in OCI, when an item of OCI must be reclassified to net income, or change the option for an entity to present components of OCI gross or net of the effect of income taxes. The amendments in ASU No. 2011-05 and ASU No. 2011-12 are effective for interim and annual periods beginning after December 15, 2011 and are to be applied retrospectively. The adoption of the provisions of ASU No. 2011-05 and ASU No. 2011-12 will not have a material impact on the Company's consolidated financial position or results of operations.

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, "Testing Goodwill for Impairment" ("ASU No. 2011-08"), which allows entities to use a qualitative approach to test goodwill for impairment. ASU No. 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the currently prescribed two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. ASU No. 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of the provisions of ASU No. 2011-08 will not have a material impact on the Company's consolidated financial position or results of operations.

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In January 2010, the FASB issued ASU 2010-06, "Improving Disclosures about Fair Value Measurements". The ASU 2010-06 amends ASC 820 and requires disclosing the amounts of significant transfers in and out of Level 1 and 2 fair value measurements and to describe the reasons for the transfers. These changes also clarify existing disclosure requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. The disclosures are effective for reporting periods beginning after December 15, 2009. The Company adopted this statement as of January 1, 2010. The required disclosures are included in Note 15. Additionally, disclosures of the gross purchase, sale, issuance and settlement activities in Level 3 fair value measurements will be required for fiscal years beginning after December 15, 2010.

4. INVENTORY

	2011	2010
Computers	**$ 23,654**	$ 6,664
Monitors	**38,389**	62,075
Printers	**19,715**	-
Modems	**-**	42,240
Parts and enclosures	**214,624**	6,109
	$ 296,382	$ 117,088

5. PROPERTY AND EQUIPMENT

	2011		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer hardware	**$ 38,713**	**$ 8,336**	**$ 30,377**
Computer software	**1,324**	**543**	**781**
Office furniture	**14,511**	**1,716**	**12,795**
Equipment	**11,929**	**3,075**	**8,854**
Leasehold improvements	**47,628**	**14,009**	**33,619**
	$ 114,105	**$ 27,679**	**$ 86,426**

5. PROPERTY AND EQUIPMENT

	2010		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 10,799	$ 45	$ 10,754
Computer software	1,082	449	633
Office furniture	468	19	449
Equipment	5,410	-	5,410
Leasehold improvements	25,098	-	25,098
	$ 42,857	$ 513	$ 42,344

6. NOTES AND ACCRUED INTEREST PAYABLE

On January 28, 2011, the Company issued 637,140 common shares at a price of $0.20 per share in settlement of $127,428 notes and accrued interest payable outstanding at December 31, 2010. These amounts were due to a company with a common director.

7. PROMISSORY NOTE AND ACCRUED INTEREST PAYABLE

At December 31, 2010, the promissory note of $196,050 bore interest at 8% per annum and was repayable in full on January 28, 2004. The Company had entered into various loan extension agreements since the initial due date, including a required balloon payout amount of $25,000. On May 30, 2011, the Company settled the outstanding principal and interest of $275,783 by issuing 1,378,915 common shares.

8. CONVERTIBLE NOTE AND ACCRUED INTEREST PAYABLE

On August 5, 2011, the Company closed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of a $1,000,000 secured convertible debenture (the "Debenture"). The Debenture has a maturity date of July 30, 2015, and bears interest at 10% per annum. Principal and accrued interest on the Debenture may be convertible at any time into common shares of the Company (the "Conversion Shares") at a deemed conversion price of:

i) $0.60 per Conversion Share until July 30, 2012;

ii) $1.00 per Conversion Share between July 31, 2012 and July 30, 2013; and

iii) $1.50 per Conversion Share between July 31, 2013 and the Maturity Date.

On November 15, 2011, the Company modified the terms of the convertible debenture to allow for the conversion of the principal amount of the Debenture, and accrued interest thereon, into the Company's Class A Preferred Shares rather than common shares of the Company. As the Company did not grant a concession and the modified terms were not substantially different from the original terms, the Company did not apply extinguishment accounting. In addition, as the fair value of the debt was not affected by the modification of the terms, no gain or loss on modification was recorded.

8. CONVERTIBLE NOTE AND ACCRUED INTEREST PAYABLE (Continued)

Immediately upon the effectiveness of the amendment, the creditor converted the principal amount of the Debenture, and accrued interest thereon, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of $1.00 per Class A Preferred Share.

9. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING

For the year ended December 31, 2011, the Company carried out a number of transactions with related parties in the normal course of business. These transactions were recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following are related party transactions and amounts owing at December 31, 2011 that are not otherwise disclosed elsewhere:

a) The Company paid management fees of $Nil (2010 - $63,885; 2009 - $55,287) to a company controlled by a director for the year ended December 31, 2011. Pursuant to an agreement dated November 1, 2008, the Company entered into an agreement with the same party in which the Company agreed to pay $5,506 (CDN$5,600) per month for management services on a month to month basis.

b) As of December 31, 2011, amounts owing from related parties consists of $158,474 owed from a director and companies controlled by a director, which is included in accounts receivable. At December 31, 2010, accounts payable included $11,320 owed to a director of the Company and to a company controlled by the same director, and $5,209 owed to a company controlled by an officer of the Company.

c) Interest expensed by the Company relating to notes payable due to a company with a common director amounted to $27,945 (2010 - $Nil; 2009 - $5,327) for the year ended December 31, 2011.

d) Interest expensed by the Company relating to notes payable due to a company with a common officer amounted to $Nil (2010 - $158; 2009 - $6,100) for the year ended December 31, 2011.

e) On January 28, 2011, the Company issued 4,789,935 common shares of Qeyos to a director of the Company at a fair value of $0.20 per share to settle debt of $957,787.

f) On January 28, 2011, the Company completed the acquisition of Qeyos, a company controlled by the President of the Company, pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each share of Qeyos.

g) On September 30, 2009, the Company entered into debt settlement agreements with holders of promissory notes and an assignment of debt pursuant to which 21,287,895 shares of common stock were issued to companies with a common officer to settle debt totalling $319,318.

10. INCOME TAXES

The provision for income taxes differs from the result which would be obtained by applying the statutory income tax rate of 34% (2010 – 34%; 2009 – 34%) to income before income taxes. The difference results from the following items:

	2011	2010	2009
Computed expected (benefit) income taxes	**$ (1,004,000)**	$ (375,000)	$ (119,000)
Increase in valuation allowance	**1,004,000**	375,000	119,000
	$ -	$ -	$ -

Significant components of the Company's deferred income tax assets are as follows:

	2011	2010	2009
Deferred income tax asset	**$ 1,744,000**	$ 740,000	$ 365,000
Valuation allowance	**(1,744,000)**	(740,000)	(365,000)
	$ -	$ -	$ -

The Company has net operating losses of approximately $5,131,000 (2010 - $2,177,000; 2009 - $1,075,000), which if unutilized, will expire through to 2031. Future tax benefits, which may arise as a result of these losses, have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

11. CAPITAL STOCK

a) Authorized

At December 31, 2011 and 2010, the Company was authorized to issue the following number and classes of shares:

400,000,000 common shares, $0.001 par value;

100,000,000 preferred shares, $0.001 par value, and series as determined by directors.

b) Common Stock

On January 28, 2011, the Company issued 10,000,000 common shares at $0.20 per share pursuant to a private placement for proceeds of $2,000,000, of which $1,385,000 was included in share subscriptions at December 31, 2010.

On January 28, 2011, the Board of Directors of the Company authorized the issuance of 637,140 common shares at a price of $0.20 per share in settlement of $127,428 notes and accrued interest payable.

On January 28, 2011, the Company completed the acquisition of Qeyos, pursuant to which it acquired all of the issued and outstanding common shares of Qeyos from its shareholders in exchange for the issuance of a total of 4,789,035 shares of the Company's common stock on the basis of one share of common stock for each common share of Qeyos.

11. CAPITAL STOCK (Continued)

b) Common Stock (Continued)

On May 30, 2011, the Board of Directors of the Company authorized the issuance of 1,378,915 common shares at a price of $0.20 per share in settlement of $275,783 notes and accrued interest payable.

On May 30, 2011, the Company issued 3,010,000 common shares at $0.20 per share pursuant to a private placement for proceeds of $602,002.

During 2009, the Company issued 38,775,366 shares of the Company's common stock to settle debt totaling $581,630, comprised of accounts payable of $91,657, notes payable of $407,191 and promissory note and accrued interest of $82,782. This included debt settlement agreements with holders of promissory notes and assignment of debt pursuant to which 21,287,895 common shares of the Company were issued to companies with a common officer to settle debt totaling $319,318.

12. STOCK OPTIONS

During the year ended December 31, 2011, the Company adopted a Stock Option Plan under which the Company can grant up to 6,620,230 shares of its common stock to the officers, directors, employees and consultants.

On January 28, 2011, the Company granted 2,400,000 stock options to directors, officers, and employees exercisable at $0.20 per share to December 29, 2015. The options vest 50% on the date of grant, 25% on the first anniversary and 25% on the second anniversary. During the year ended December 31, 2011, the Company recorded stock-based compensation of $185,113 as consulting expense related to these options.

On May 1, 2011, the Company granted 300,000 stock options to a consultant exercisable at $0.20 per share to December 29, 2015. The options vest 50% on the date of grant, 25% on the first anniversary and 25% on the second anniversary. During the year ended December 31, 2011, the Company recorded stock-based compensation of $21,832 as consulting expense related to these options.

On July 1, 2011, the Company granted 60,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015. During the year ended December 31, 2011, the Company recorded stock-based compensation of $682 as consulting expense related to these options.

On November 1, 2011, the Company granted 360,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015. During the year ended December 31, 2011, the Company recorded stock-based compensation of $682 as consulting expense related to these options.

The fair values of stock options granted were estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average grant date fair value of stock options granted during the year ended December 31, 2011 was $0.10.

12. STOCK OPTIONS (Continued)

The fair value assumptions used were as follows:

	2011
Expected dividend yield	**0%**
Risk-free interest rate	**1.92%**
Expected volatility	**66%**
Expected option life (in years)	**4.54 – 5.00**

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price $	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value $
Outstanding, December 31, 2010 and 2009	-	–	–	–
Granted	3,120,000	$0.25		
Cancelled	(400,000)	$0.20		
Outstanding, December 31, 2011	2,720,000	$0.26	4.98	–
Exercisable, December 31, 2011	**1,360,000**	**$0.25**	**4.98**	–

A summary of the status of the Company's non-vested options at December 31, 2011, and changes during the year ended December 31, 2011 are presented below:

	Number of Options	Weighted Average Grant Date Fair Value $
Non-vested at December 31, 2010 and 2009	–	–
Granted	3,120,000	$0.10
Cancelled	(400,000)	$0.10
Vested	(1,360,000)	$0.10
Non-vested at December 31, 2011	**1,360,000**	**$0.10**

As at December 31, 2011, there was $71,342 in total unrecognized compensation cost related to non-vested stock options.

13. REDEEMABLE PREFERRED STOCK

On November 15, 2011, the Company created one series of the 100,000,000 preferred shares it is authorized to issue, consisting of 25,000,000 shares, to be designated as Class A Preferred Shares. The principal terms of the Class A Preferred Shares are as follows:

Voting rights – The Class A Preferred Shares have voting rights (one vote per share) equal to those of the Company's common stock.

Dividend rights – The Class A Preferred Shares carry a cumulative cash dividend of 10% per annum.

Conversion rights – The holders of the Class A Preferred Shares have the right to convert the Class A Preferred Shares, from time to time, at the option of the holder, into one common share until July 31, 2015 at the following conversion prices:

i) $0.60 per Common Share if converted at any time up to and including July 31, 2012;

ii) $1.00 per Common Share if converted at any time between August 1, 2012 and July 31, 2013; and

iii) $1.50 per Common Share if converted at any time between August 1, 2013 and July 31, 2015.

Redemption rights – At any time, the holders of the Class A Preferred Shares may elect to have the Company redeem the Class A Preferred Shares for an amount equal to $1.00 per share. At any time, the Company may redeem the Class A Preferred Shares for an amount equal to $1.00 per share.

The Company has classified the Class A Preferred Shares as temporary equity because they are redeemable beyond the control of the issuer.

The Company completed a private placement with a company owned by the Company's President and Chief Executive Officer, consisting of the issuance of 1,000,000 Class A Preferred Shares at a price of $1.00 per Class A Share for gross proceeds of $1,000,000.

The Company converted the principal amount of the Debenture described in Note 6, and accrued interest thereon, into an aggregate of 1,027,945 Class A Preferred Shares, at a conversion price of $1.00 per Class A Preferred Share.

The following table reflects activity in Class A Preferred Shares:

	Number of Class A Preferred Shares	Amount
Balance, December 31, 2010	–	$ –
Issuance of preferred shares for cash	1,000,000	1,000,000
Issuance of preferred shares upon conversion of note	1,027,945	1,027,945
Balance, December 31, 2011	**2,027,945**	**$ 2,027,945**

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters. Management services provided are on a month to month basis.

The Company has entered into two leases for the provision of office space until January 31, 2014. The Company's future minimum lease payments for the two leases are as follows:

Fiscal year ending December 31, 2012	$ 135,356 (Cdn$137,655)
Fiscal year ending December 31, 2013	135,985 (Cdn$138,295)
Fiscal year ending December 31, 2014	11,332 (Cdn$11,524)
	$ 282,673 (Cdn$287,474)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table presents information about the Company's financial instruments that have been measured at fair value as of December 31, 2011 and 2010, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair values:

2011	**FAIR VALUE INPUT LEVEL**	**HELD-FOR-TRADING**	**TOTAL CARRYING VALUE**	**FAIR VALUE**
Financial assets				
Cash	**1**	**$ 728,575**	**$ 728,575**	**$ 728,575**

2010	FAIR VALUE INPUT LEVEL	HELD-FOR-TRADING	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets				
Cash	1	$ 877,848	$ 877,848	$ 877,848

Due to the nature of cash, accounts receivable, accounts payable, notes and promissory note payable, and redeemable preferred stock, the fair value of these instruments approximated their carrying value. Notes and promissory note are recorded at estimated fair value on issue and at amortized cost on an ongoing basis.

16. SUBSEQUENT EVENT

Subsequent to year-end, the Company granted 300,000 stock options to an employee exercisable at $0.60 per share. 50% of the options vest on the date of grant and expire on July 30, 2013. Another 25% vest on the first anniversary and expire on July 30, 2014. The last 25% vest on the second anniversary and expire on July 30, 2015.