



**PUDO INC.**

**(formerly “Grandview Gold Inc.”)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

**NOVEMBER 30, 2015**

**Prepared by:**

**PUDO Inc.**

**400 Brunel Road, Mississauga,  
Ontario, Canada, L4Z 2C2**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of PUDO Inc. ("PUDO" or the "Company"), formerly "Grandview Gold Inc.", constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine month period ended November 30, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine month period ended November 30, 2015, together with the notes thereto and the audited financial statements of My Courier Depot Inc. for the year ended February 28, 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of January 28, 2016, unless otherwise indicated. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

The Company's fiscal year end is February 28.

Further information about the Company and its operations is available at 400 Brunel Road, Mississauga, Ontario, Canada, L4Z 2C2

## **Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain borrowings or equity funding when required	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favorable for funding and/or related parties discontinue funding the Company resulting in the Company not being able to obtain financing when required or on acceptable terms
The Company will be able to carry out anticipated business plans	The operating activities of the Company for the twelve months ending February 28, 2016, will be consistent with the Company's current expectations	Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

**Overview**

My Courier Depot Inc. ("MCD") is incorporated under the Ontario Business Corporations Act on December 16, 2013 and domiciled in Canada. Its registered office is situated at 400 Brunel Road, Mississauga, Ontario, Canada, L4Z 2C2. MCD's principal activity is providing E-commerce shipment services through collaboration with specific online retailers for delivery of their products and working with national and international courier companies to provide alternate drop-off and pickup options of packages.

PUDO Inc. (formerly "Grandview Gold Inc.") was a gold exploration company focused on exploring and developing gold properties in gold camps of North and South America. The Company was incorporated

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under the laws of the Province of Ontario. To date, the Company has not earned significant revenues from gold exploration and was considered to be in the exploration and evaluation stage.

On March 18, 2015, the Company entered into a share exchange agreement (the "Share Exchange Agreement") to acquire all of the issued and outstanding securities of MCD. Pursuant to the Share Exchange Agreement, the Company's management was replaced with management appointed by MCD and the Company will carry on the business of MCD under the new name of "PUDO Inc."

On July 13, 2015, the Company completed (i) the consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share ("Post-Consolidation shares") for each twenty (20) pre-consolidation common shares and (ii) the change of the Company's name to "PUDO Inc."

On July 14, 2015, the Company acquired all of the issued and outstanding shares of MCD ("MCD shares") on the basis of 8,333.33 Post-Consolidation shares for 1 MCD share. Effective July 14, 2015, the Company issued an aggregate of 10,316,797 shares of the Company to former shareholders of MCD (the "Acquisition"). The Acquisition was accounted for as a reverse takeover ("RTO") whereby MCD was identified as the acquirer for accounting purposes and the comparative figures presented in the unaudited condensed interim consolidated financial statements after the RTO are those of MCD.

The share capital of each company prior to the RTO was as follows:

<b>PUDO Inc.</b>	<b>Number of Common Shares</b>	<b>Amount (\$)</b>
<b>Balance at February 28, 2015</b>	<b>81,163,032</b>	<b>16,533,842</b>
Consolidation of common shares	(77,105,027)	-
Common shares issued in settlement of advances from shareholder	120,000	30,000
<b>Balance at July 14, 2015 prior to the RTO</b>	<b>4,178,005</b>	<b>16,563,842</b>

<b>MCD</b>	<b>Number of Common Shares</b>	<b>Amount (\$)</b>
<b>Balance at February 28, 2015</b>	<b>400</b>	<b>16,668</b>
Shares issued in settlement of borrowings	226	470,867
<b>Balance at July 14, 2015 prior to the RTO <sup>(1)</sup></b>	<b>626</b>	<b>487,535</b>

<sup>(1)</sup> MCD also had 612 Class A preferred shares outstanding at July 14, 2015 prior to the RTO, which had been issued to existing shareholders of MCD for cash consideration of \$102,002.

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Based on the statement of financial position of PUDO at the time of the RTO, the net liability at estimated fair value that was acquired by MCD was \$263,457 and the resulting transaction cost charged to the unaudited condensed interim consolidated statements of loss and comprehensive loss is as follows:

	<b>Amount (\$)</b>
<b>Consideration</b>	
Common shares	1,044,501
<b>Identifiable assets (liabilities) acquired</b>	
Cash	111,047
HST receivable	11,646
Accounts payable and accrued liabilities	(248,117)
Advances payable	(15,025)
Intercompany payable to MCD	(123,008)
<b>Unidentifiable assets acquired</b>	
Transaction cost	1,307,958
<b>Total net identifiable assets and transaction cost</b>	<b>1,044,501</b>

The Company has completed voluntary delisting of the Company's common shares from the NEX of the TSX Venture Exchange and received approval for the listing of all of its issued and outstanding securities on the Canadian Securities Exchange effective July 28, 2015.

The unaudited condensed interim consolidated financial statements for the three and nine months ended November 30, 2015 have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

PUDO is listed on the Canadian Securities Exchange under the symbol "PDO".

### **Description of Business**

PUDO's business is the last mile delivery solution for parcel pick-up and drop-off services, providing in-store over the counter pick-up services to courier companies and consumers. All PUDO's services are offered on our website and are a full web based service, available over the internet. PUDO's services can be found in convenience stores, gas stations, and other variety stores that are typically open on a "24 hours" basis ("PUDO Points"), allowing registered courier companies and consumers to use these stores as pick-up locations for parcels and letters that require identification and/or signatures to release.

PUDO's services provide courier companies with a retail presence in a broad variety of locations to better serve customers in residential and rural areas. The services also cut costs for courier companies who

traditionally rely on their warehouses as pickup locations or suffer the additional costs of repeated delivery attempts to residences and/or small businesses. PUDO's services are also available to consumers for "consumer-to-business" or "consumer-to-consumer" transactions. Registered consumers are able to designate a nearby PUDO Point as the address to which certain parcels and letters are to be sent in lieu of a home delivery. Conversely, registered consumers are able to process shipments online either with PUDO or directly with a registered courier company and drop off the parcel at any PUDO Point for pickup by the courier.

## **Overall Performance**

### **Operations**

Through the Company's PUDO Point network, made up of community based businesses such as convenience stores and gas stations, the Company will provide area residents, students, home based work professionals, the e-commerce industry and courier companies with the only national and neutral last mile delivery solution.

#### **How It Works:**

All recipients are notified electronically when a shipment arrives for them to pick up. For the online shopper, purchases made through a Company affiliated E-tailer allow the use of a PUDO address free of cost. This option will be provided at check out and PUDO membership is not required.

For any other personal or business use of a PUDO Point address, membership is required. Membership is free and allows the member the use of a PUDO Point address as their ship to address whenever they have a need. Known as our pay as you go service, for a small fee of \$3.00 for shipments weighing up to 10 lbs., or \$5.00 if over 10 lbs. (but not over 30 lbs.), the member can select the PUDO Point address of their choice to receive any other courier or postal delivery. This includes online purchases made through any non-affiliated E-tailer. The fee is paid at time of pick up.

For couriers, the Company allows selected couriers the use of PUDO Point addresses as first time delivery points or pick up points for failed residential delivery attempts.

The Company has developed a "SuperApp" which was rolled out in September 2015 to all dealers. It easily handles the challenges of a dealer's busy check-out counter. One scan of the barcode does it all – fast and simple! The SuperApp provides accurate live data on every scan, improving accounting and reporting functions to our dealers. It also provides signature capture to our partnered couriers like Canpar. The SuperApp also provides us with additional revenue information from our partner couriers so that we have the ability to provide special reporting to our dealers. e.g. data collection of how much someone spends in store when they pick up package. For corporate customers, the SuperApp sends email notification and details to the customer that the shipment is ready for pick up on which can also be attached a direct marketing message on behalf of the retailer or other vendors.

### **Highlights**

On October 1, 2015, PUDO announced a marketing and sales agreement with Canpar Courier. The partnership is for a term of five years, with an option to renew for an additional five years.

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Benefits of the Partnership

- Supports and connects the rapidly growing PUDO network
- Allows for parcel consolidation on retail returns resulting in up to 30% savings
- Savings on deliveries of online purchases of 10% to 50% for retailers
- Time efficiency for drivers
- Cost savings for fleet gas and maintenance
- Additional recurring revenue stream for PUDO

On October 8, 2015, PUDO announced the appointment of Matthew McDonough as Vice President, Network Development, Parcel and Courier, effective immediately.

On October 27, 2015, PUDO announced a strategic partnership with Winks-affiliated convenience stores to create an additional 620 PUDO Point locations across Western Canada.

On October 29, 2015 PUDO announced a new strategic partnership with TNT Express Canada to become the preferred international carrier effective December 1, 2015. This arrangement with TNT creates additional convenience and an average savings of 25% or more on international shipping for PUDO members using PUDO Point locations.

On November 9, 2015, PUDO announced a new agreement with Hasty Market convenience stores to create additional PUDO Point locations in the Greater Toronto Area and across Ontario.

On December 8, 2015, PUDO announced a new three-year partnership with Quickie Convenient Stores Corp. to create additional PUDO Point locations across Eastern Ontario and Quebec.

On December 17, 2015, PUDO announced that it entered into a strategic partnership with the AATAC, a national association for U.S. convenience store owners to help build the PUDO Point network in the U.S.

On December 22, 2015, PUDO announced that it signed a letter of intent to acquire the assets of and undertake the business of Kinek, a private company headquartered in New Brunswick, Canada. Kinek operates a network of 109 trusted U.S. and Canadian businesses that have signed up to be KinekPoints to receive and store parcels for their customers convenience. Kinek has approximately 179,000 registered users.

On December 29, 2015 PUDO announced a new three-year partnership with Little Short Stop Stores to create additional PUDO Point locations in Kitchener, Waterloo, Cambridge, and Guelph. PUDO also announced a new three-year agreement with Avondale Food Stores to create additional PUDO Point locations in the Niagra and Hamilton regions.

Financial

At November 30, 2015, the Company had assets of \$403,682 (February 28, 2015 - \$361,053) and a deficit of \$2,444,628 (February 28, 2015 - \$351,261). At November 30, 2015, the Company had current liabilities of \$352,004 (February 28, 2015 - \$695,646). At November 30, 2015, the Company had a working capital deficiency of (\$61,632) (February 28, 2015 - (\$355,693)) and cash of \$105,799 (February 28, 2015 - \$319,625). The Company had minimal sales of \$72,113 (comparative period - \$4,844) for the nine months ended November 30, 2015, as the Company was focusing on developing its courier business.

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**Trends**

Large providers are pushing alternatives to at-home delivery. Before, shippers would deliver a parcel to a home and try several times until someone would answer the door. Manufacturers and retailers cannot absorb the associated parcel shipping costs with this repeat service. Due to this requirement for repeat service to complete the delivery task, locker services and centralized pick-up locations are being developed. Traditional brick-and-mortar retailers with e-commerce websites may create local "pop-up" stores where products can be picked up by online shoppers, which will dramatically reduce costs. In addition to the trend of alternative not-at-home delivery service, management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

**Selected Quarterly Information**

Three Months Ended	Total Revenue (\$)	Profit or Loss	
		Total (\$)	Per Share (Basic and Diluted) (\$) <sup>(10)</sup>
2015-November 30	30,004	(357,296) <sup>(1)</sup>	(0.02)
2015-August 31	22,487	(1,617,682) <sup>(2)</sup>	(0.17)
2015-May 31	19,622	(118,389) <sup>(3)</sup>	(0.11)
2015-February 28	4,940	(192,074) <sup>(4)</sup>	(0.06)
2014-November 30	4,844	(72,444) <sup>(5)</sup>	(0.02)
2014-August 31	-	(30,929) <sup>(6)</sup>	(0.01)
2014-May 31	-	(38,051) <sup>(7)</sup>	(0.01)
2014-February 28	-	(27,264) <sup>(8)(9)</sup>	(0.01)

1. Net loss of \$357,296 consisted of administrative expenses of \$373,510, and finance costs of \$4 offset by gross profit of \$16,218;
2. Net loss of \$1,617,682 consisted of RTO transaction costs of \$1,307,958, administrative expenses of \$160,318, share-based payment of \$157,982 and finance costs of \$5,012 offset by gross profit of \$13,588;
3. Net loss of \$118,389 consisted of administrative expenses of \$118,696 and finance costs of \$9,506 offset by gross profit of \$9,813;
4. Net loss of \$192,074 consisted of administrative expenses of \$184,294 and finance costs of \$10,250 offset by gross profit of \$2,470;
5. Net loss of \$72,444 consisted of administrative expenses of \$66,630 and finance costs of \$8,236 offset by gross profit of \$2,422;
6. Net loss of \$30,929 consisted of administrative expenses of \$30,929;
7. Net loss of \$38,051 consisted of administrative expenses of \$38,051;
8. Net loss of \$27,264 consisted of administrative expenses of \$27,264;
9. Period from date of incorporation (December 16, 2013) to February 28, 2014; and
10. Loss from continuing operations attributable to owners of the parent, on a per-share and diluted per share basis.



### **Selected Financial Information**

The following is selected financial data derived from the unaudited condensed interim consolidated financial statements of the Company for the nine-month period ended November 30, 2015 and November 30, 2014

	<b>Nine months ended November 30, 2015</b>	<b>Nine months ended November 30, 2014</b>
	<b>\$</b>	<b>\$</b>
Net loss and comprehensive loss	(2,093,367)	(141,423)
Net loss per share (basic and diluted)	(0.22)	(0.04)

#### Nine months ended November 30, 2015, compared with nine months ended November 30, 2014

The Company's net loss totaled \$2,093,367 for the nine months ended November 30, 2015, with basic and diluted loss per share of \$0.22. This compares with net loss of \$141,423 with basic and diluted loss per share of \$0.04 for the nine months ended November 30, 2014. The increase of \$1,951,944 in net loss was principally because:

- The Company incurred RTO transaction costs of \$1,307,958 for the nine months ended November 30, 2015 and there were no such transaction costs during the nine months ended November 30, 2014.
- The Company incurred \$157,982 share-based payment during the nine months ended November 30, 2015 for 1,400,000 stock options granted while there was no share-based payment in the nine months ended November 30, 2014.
- The Company had administrative expenses of \$652,522 during the nine months ended November 30, 2015 compared to \$135,609 during the nine months ended November 30, 2014. The increase is mainly due to higher salaries and benefits, professional fees, investor relations and agent and filing fees.
- The above increases in loss were offset by a higher gross profit of \$39,618 for the nine months ended November 30, 2015 compared to \$2,422 for the nine month ended November 30, 2014. The gross profit is composed of \$72,113 in revenue offset by cost of sales of \$32,495 for the nine months ended November 30, 2015.

The following is selected financial data derived from the unaudited condensed interim consolidated financial statements of the Company for the three-month period ended November 30, 2015 and November 30, 2014.

	<b>Three months ended November 30, 2015</b>	<b>Three months ended November 30, 2014</b>
	<b>\$</b>	<b>\$</b>
Net loss and comprehensive loss	(357,296)	(72,444)
Net loss per share (basic and diluted)	(0.02)	(0.02)

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Three months ended November 30, 2015, compared with three months ended November 30, 2014

The Company's net loss totaled \$357,296 for the three months ended November 30, 2015, with basic and diluted loss per share of \$0.02. This compares with net loss of \$72,444 with basic and diluted loss per share of \$0.02 for the three months ended November 30, 2014. The increase of \$284,852 in net loss was principally because:

- The Company had administrative expenses of \$373,510 during the three months ended November 30, 2015 compared to \$66,320 during the three months ended November 30, 2014. The increase is mainly due to higher salaries and benefits, professional fees, investor relations and agent and filing fees.
- The above increases in loss were offset by a higher gross profit of \$16,218 for the three months ended November 30, 2015 compared to \$2,422 for the three month ended November 30, 2014. The gross profit is composed of \$30,004 in revenue offset by cost of sales of \$13,786 for the nine months ended November 30, 2015.

The statement of financial position as at November 30, 2015 and February 28, 2015 consists of the following:

	As at November 30, 2015 \$	As at February 28, 2015 \$
Current assets	290,372	339,953
Long term assets	113,310	21,100
<b>Total assets</b>	<b>403,682</b>	<b>361,053</b>
Current liabilities	352,004	695,646
Capital stock	2,312,455	16,668
Broker warrants	25,869	nil
Stock options	157,982	nil
Deficit	(2,444,628)	(351,261)
<b>Total liabilities and shareholders' deficiency</b>	<b>403,682</b>	<b>361,053</b>

- As the Company has minimal revenue, its ability to fund its operations is dependent upon securing additional borrowings or increasing gross profit from increased revenues. See "Trends" and "Risk Factors".

### **Overall Objective**

PUDO is committed to achieving new cost efficiencies for PUDO clients and enhancing the online customer service experience by providing a truly flexible and convenient 24/7 community based last mile delivery solution. See "Risk Factors".

### **Off-Balance-Sheet Arrangements**

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

## Outlook

The Company is training and activating its dealer network by allowing its nationally appointed courier to start the process of promoting the use of MCD to its customers for guaranteed first time 'Ship -To' delivery and as customer pick up points for any failed home delivery attempts. In conjunction with our national courier initiative, the Company will add deliveries for home based work professionals.

With our pool of retail pick up points waiting to be activated coupled with the fact that the majority are open long hours, 7 days per week with few logistical challenges, we see this as a major advantage over any other service provider's solution in our sector. Our rollout strategy allows us to surgically activate the network throughout the country whereby reverse logistics and the use by the general public can be realized successfully.

PUDO currently has access to over 2,200 PUDO Points across Canada and more than 3,000 locations in the United States. As of January 15, 2016, PUDO has approximately 125 locations operating and is in the process of training and equipping additional locations. For these local dealer locations, PUDO provides opportunities for additional foot traffic and the potential for repeat customer business. PUDO has an affiliate program with some of North America's most well-known retailers, including Amazon, ebay, Hudson's Bay, and Walmart.

## Share Capital

As of the date of this MD&A, the Company has (i) 15,594,802 common shares outstanding; (ii) 90,000 broker warrants exercisable for the purchase of 90,000 common shares and (iii) 1,400,000 stock options exercisable for the purchase of 1,400,000 common shares.

## Liquidity and Financial Position

As at November 30, 2015, the Company had a working capital deficiency of \$61,632 (February 28, 2015 – working capital deficiency of \$355,693). The Company has borrowings in the amount of \$287 (February 28, 2015 - \$586,324) consisting of the following:

Details	November 30, 2015 \$	February 28, 2015 \$
Amounts due to a related company (a)	833	131,011
Investment loans (b)	-	455,313
Due to shareholders	188	-
<b>Total</b>	<b>1,021</b>	<b>586,324</b>

- (a) The amounts due to a related party, Courier Cardinal Ltée, a company under common control, represents amounts which bear interest at 5% per annum, are unsecured and due on demand.
- (b) The investment loans were converted into shares of PUDO.

*The following are the current and future plans, as well as timelines, for PUDO Depot:*

**National Courier Account Roll-out:**

The Company has secured its first major service agreement with Canpar Courier, a national courier company. The rollout of this account nationally involves the following activities:

1. Identifying the appropriate locations within PUDO current network of locations
2. Training the personnel at the locations
3. Performing the services

The strategic roll out plan anticipated that 500 locations would be operational by the end of December 2015 and that Canpar personnel would be heavily involved in the training. However, as a result of a strategic reorganization at Canpar's parent company, Canpar personnel were diverted to other projects and the roll-out was delayed. PUDO personnel have taken over the effort and it is now expected that 400 locations will be operational by early February 2016, with additional locations continuing to come on line each month.

**Direct Sell Industry Roll out:**

The "Direct Sell" Industry comprises of companies that sell their product on consignment using remote sales representatives. The products are shipped to the Sales Representatives who in turn interfaces directly with the end-user to take orders and fulfil the product orders. Examples of these types of businesses are Avon (cosmetics), and Amway. PUDO is working with a number of large businesses in this area to have their Sales Representatives (or customers) pick-up their consignments through the PUDO Network. This arrangement to utilize the PUDO network significantly reduces the shipping costs of the Direct Seller (to each sales representative). As with the roll-out of the National Courier Account, the roll-out requires the following activities:

1. Identifying the appropriate locations within PUDO current network of locations
2. Training the personnel at the locations
3. Performing the services

**Reverse Logistics:**

PUDO will become the repository for "Return" E-commerce shipments. Consumers who have purchased items on-line can return these items to the nearest PUDO Points where the shipments are consolidated and returned to the appropriate supplier (for example, Walmart). This service provides a hassle-free "returns" experience for the consumer.

**Marketing and Advertising Campaign:**

PUDO is presently investing in a marketing and advertising campaign to educate e-commerce users and to create awareness of the service. The marketing campaign involves various media alternatives including but not limited to social media, print, radio and television.

### **North American Network Development and E-Commerce Shipping:**

PUDO has commenced development of a dealer location network (PUDO Points), similar that which exists in Canada, in the United States. The Company has engaged consultants in the US with the objective of identifying and signing network locations. It is expected that the Company will leverage its relationship with the Direct Sellers in Canada to provide the initial volumes for the US market.

It is anticipated to meet this budget, the Company will have to either have (i) adequate sales generation from performing E-commerce deliveries; or (ii) further borrowings will be required from related parties or loans to continue corporate activities. Recently, the activities of the Company have been funded by borrowings from related parties and other loans. There can be no assurance that additional financing from related parties or others will be available at all, or on terms acceptable to the Company.

### **New Standards and Interpretations Not Yet Adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after March 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – *Financial Instruments* (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 - *Revenue From Contracts With Customers* (“IFRS 15”) proposes to replace IAS 18 - *Revenue*, IAS 11 - *Construction Contracts*, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

IAS 38 *Intangible Assets* (“IAS 38”) and IAS 16, *Property, Plant and Equipment* (“IAS 16”) were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

### **Changes in accounting standards**

The Company has adopted the following amendments effective March 1, 2015.

IAS 24 *Related Party Disclosures* ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

There was no impact on the adoption of this amendment on the financial statements.

### **Related Party Transactions**

(a) During the three and nine month period ended November 30, 2015, the Company had the following transactions with shareholders and companies under common control:

- incurred bookkeeping fees, included in professional fees of \$37,500 and \$52,500, respectively, (three and nine months ended November 30, 2014 - \$10,000 and \$10,000) to Cardinal Couriers Ltd, a company with common officers and directors.
- incurred interest expense of \$4 and \$1,046, respectively, (three and nine months ended November 30, 2014 - \$3,275 and \$3,275) payable to Courier Cardinal Ltée pursuant to the borrowing arrangements.
- incurred consulting fees of \$nil and \$31,500, respectively, (three and nine months ended November 30, 2014 - \$28,000 and \$28,000) to Courier Depot Network Inc., a significant shareholder of the Company.
- incurred share-based payment of \$nil and \$157,982, respectively, (three and nine months ended November 30, 2014 - \$nil) in relation to stock options granted to an officer and a director of the Company.
- For the three and nine months ended November 30, 2015, the Company expensed \$4,590 and \$6,090, respectively, (three and nine months ended November 30, 2014 - \$nil) to Marrelli Support Services Inc. for the services of Jing Peng to act as Chief Financial Officer of the Company.

All related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) Major shareholders:

As at November 30, 2015, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than Palm Holding Inc. which owns or controls, directly or indirectly, 48.73% of the issued and outstanding shares of the Company. These stockholdings can change at any time at the discretion of the owner.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

## **Financial Instruments**

### **Fair values**

The carrying amounts of trade and other receivables, cash, trade and other payables, advances payable and borrowings approximate their fair values, given their short-term nature. As at November 30, 2015, the Company's short term investment was classified as Level 2 within the fair value hierarchy.

### **Financial risk factors**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, market risk, and capital risk management.

This note represents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and their management of capital.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered to with the Company. The financial assets that potentially expose the Company to credit risk consist principally of cash or other receivables. The extent of the Company's exposure to credit risk approximate their carrying values are recorded in the Company's statement of financial position.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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The maximum exposure to credit risk at the reporting date was:

	<b>November 30, 2015</b>	<b>February 28, 2015</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables	109,396	15,328
Cash at bank	105,799	319,625
Short-term investment	25,000	-
<b>Total</b>	<b>240,195</b>	<b>334,953</b>

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to finance its operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities:

	<b>November 30, 2015</b>	<b>February 28, 2015</b>
	<b>&lt; 1 year</b>	<b>&lt; 1 year</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables	316,264	109,322
Advances payable	34,719	-
Borrowings	1,021	586,324
<b>Totals</b>	<b>352,004</b>	<b>695,646</b>

In order to meet such cash commitments, the Company will be required to generate sufficient cash inflows from operating and financing activities.

*Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's exposure to risks of changes in market interest rates relate primarily to its cash balances. The Company constantly analyzes its interest rate exposure, giving consideration to potential renewals of existing positions, alternative financial positions and the mix of fixed and variable interest rates.

Currency risk

Since the Company has a bank account denominated in USD, it is exposed to foreign currency risk due to fluctuations in exchange rate. The Company purchases goods and services in Canadian dollars and US dollars. Since the Company reports its results in Canadian dollars, the functional currency of the Company, it is exposed to changes in the value of the US dollar relative to that of the Canadian dollar. The Company also entered into investment loan agreements which are



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denominated in US dollar which implies that it is exposed to foreign currency risk due to fluctuations in exchange rate.

As at November 30, 2015, the Company had cash of US\$60,506 (\$80,672) (February 28, 2015 – US\$237,995 (\$299,368)) and borrowings of \$nil (February 28, 2015 - US\$366,266 (\$455,313)).

Interest rate risk

The Company's exposure to risks of changes in market interest rates relates primarily to its cash balances. The Company constantly analyzes its interest rate exposure, giving consideration to potential renewals of existing positions, alternative financial positions and the mix of fixed and variable interest rates.

*Capital risk management*

The Company reviews and manages its capital position from time to time to maintain a balance between its liability and equity levels. The Company uses the capital contributed by investors to finance its working capital requirements.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future developments of the business. The Company defines capital as equity. The Company is not subject to any externally imposed capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended November 30, 2015 and the year ended February 28, 2015.

## **Risk Factors**

### **Financing**

The Company may need to source additional financing to fund the growth of its business and has no assurance that such funding will be available to it. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. Failure to obtain sufficient financing may result in delaying or the indefinite postponement of the growth strategy into the US Market.

There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

If the Company raises additional funds through the sale of equity securities, shareholders may have their investment diluted.

### **Credit Facilities**

Currently, none of the loans extended to the Company contain financial covenants related to the Company's financial position and earnings.

### **Economic Downturns**

The Company cannot be certain that economic or political conditions will generally be favorable or that there will not be significant fluctuations that adversely affect the economy as a whole or the key markets that the Company targets.

### **Changes in the Regulatory Environment**

The Company's results of operations can be affected significantly by changes in the regulatory environment.

### **Dependence on Key Personnel**

The success of the Company depends on its senior management team, and other key employees, including their ability to retain and attract skilled employees. The loss of the services of key personnel could have a material adverse effect on the business, financial condition, results of operations or future prospects. The Company may not be able to attract and retain additional qualified management, and employees as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations, and future prospects.

### **Investment risk**

From time to time, the Company may divest of a business that is not meeting performance expectations. This may result in losses from the disposal or wind-up of that business operation.

### **Currency Risk**

The Company purchases goods and services in Canadian dollars and US dollars. Since the Company reports its results in Canadian dollars, it is exposed to changes in the value of the US dollar relative to that of the Canadian dollar. The Company also entered into investment loan agreements which are denominated in US dollar which implies that it is exposed to foreign currency risk due to fluctuations in exchange rate.

### **Potential Future Developments**

Management of the Company, in the ordinary course of business, regularly explores potential strategic opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of the Company's securities. The Company's policy is not to publicly disclose information concerning potential strategic opportunities or transactions unless and until a definitive binding agreement is reached or management is confident that the transaction will be completed. There can be no assurance that investors who buy or sell securities of the Company are doing so at a time when the Company is not pursuing a particular strategic opportunity or transaction which, when announced, would have a significant effect on the price of the Company's securities.

## **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the Company's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Subsequent Events**

- (a) On December 22, 2015, the Company issued 50,000 common shares in exchange for 50,000 warrants at the exercise price of \$0.63 per warrant for a total of \$31,500 (\$22,864 USD).
- (b) On December 2, 2015, pursuant to the company's stock option plan, the Company granted an aggregate of 69,000 options to the directors of the corporation. The options are exercisable at a price of \$2.25 per common share. The options vest in 25% increments quarterly and expire two years following the grant date.

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- (c) On December 22, 2015, the Company signed a letter of intent with 640624 N.B. LTD. (o/a Kinek) providing for the acquisition by the Company of the assets and undertaking of Kinek. In consideration for the transfer of the business, PUDO will issue common shares to Kinek based on Kinek's 2015 revenues and will assume certain liabilities attached to the business. Kinek will have the right to nominate one director to the board of the Company for the ensuing year. Kinek is a private company headquartered in Rothesay, New Brunswick, Canada. Kinek has approximately 179,000 registered users who have signed up to use the Kinek network. The Kinek network is comprised of 109 trusted U.S. and Canadian businesses that have been signed up to be KinekPoints. KinekPoints receive and store parcels for their customers' convenience until they are picked up. By shipping to one of Kinek's many border KinekPoints, Canadians can order from U.S. companies that may not ship to Canada, have access to free shipping, larger product selection and at lower prices. The Acquisition is subject to, among other things, final diligence, revisions to the terms of outstanding liabilities of Kinek and negotiation of a definitive agreement to be entered into on or prior to closing. The transaction remains subject to all required regulatory approvals and is expected to close in January 2016.

**Additional Disclosure for Venture Corporations**

Set forth below is a breakdown of the administrative expenses incurred by the Company for the three and nine months ended November 30, 2015 and 2014.

<b>Detail</b>	<b>Three Months Ended November 30, 2015</b> \$	<b>Three Months Ended November 30, 2014</b> \$	<b>Nine Months Ended November 30, 2015</b> \$	<b>Nine Months Ended November 30, 2014</b> \$
Salaries and benefits	53,359	-	134,352	-
General and administrative expenses	38,058	1,232	67,370	9,859
Advertising and promotion	41,829	1,484	42,884	22,924
Travel and business development	33,126	5,572	56,017	13,984
Consulting fees	87,269	29,831	153,568	57,831
Professional fees	42,050	26,500	70,650	26,500
Investor relations	57,594	-	75,618	-
Agent and filing fees	9,535	-	34,017	-
Foreign exchange gain	3,384	761	5,789	761
Amortization expense	7,306	1,250	12,257	3,750
<b>Total cost incurred</b>	<b>373,510</b>	<b>66,630</b>	<b>652,522</b>	<b>135,609</b>