



**Sponsors
One™**

SPONSORSONE INC.
(formerly New International Infopet Systems Ltd.)

Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2015 and 2014

(Stated in Canadian dollars – unless otherwise noted)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

	Note	June 30, 2015	December 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		\$ 18,107	\$ 56,891
Other receivables	5	87,030	287,107
Prepayments and deposits		23,550	8,670
		128,687	352,668
Investments	6	10,217	10,148
Capital assets	7	145,447	153,720
Intangible assets	8	82,637	153,471
		\$ 366,988	\$ 670,007
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	9	\$ 1,709,940	\$ 1,335,099
Current portion of long-term debt	10	10,328	11,783
		1,720,268	1,346,882
Long-term liabilities			
Long-term debt	10	167,815	171,241
		1,888,083	1,518,123
Shareholders' equity (deficiency)			
Share capital	11	3,532,327	2,914,156
Shares to be issued	11	-	59,584
Share-based payment reserve	12	542,079	422,345
Warrant reserve	13	861,924	782,633
Accumulated deficit		(6,457,425)	(5,026,834)
		(1,521,095)	(848,116)
		\$ 366,988	\$ 670,007

Nature of Operations and Going Concern – *Note 1*

Subsequent Events – *Note 19*

Approved on behalf of the Board:

"Myles Bartholomew"
Director (Signed)

"Gary Bartholomew"
Director (Signed)

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

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Condensed Interim Consolidated Statements of Operations And Comprehensive Loss

For the three and six months periods ended June 30, 2015 and 2014

(Unaudited)

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2015	2014	2015	2014
Operating expenses:					
Marketing, general and admin		\$ 417,410	\$ 482,566	\$ 917,462	\$ 935,216
Research and development		56,250	142,429	155,000	246,000
Depreciation	7 & 8	39,554	39,449	79,107	78,845
Loss before finance expense		513,214	664,444	1,151,569	1,260,061
Finance expense		21,419	3,688	279,022	7,131
Net loss and comprehensive loss		\$ 534,633	668,132	1,430,591	1,267,192
Weighted average number of common shares		16,740,529	14,006,939	16,613,506	13,716,246
Loss per share - basic and diluted		\$ 0.03	0.05	0.09	0.09

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

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Condensed Interim Consolidated Statements of Changes in (Deficiency) Equity
(Unaudited)

	Number of common shares	Share capital	Shares to be issued	Warrants	Share-based payment reserve	Deficit	Total
Balance at December 31, 2014	16,225,876	\$ 2,914,156	\$ 59,584	\$ 782,633	\$ 422,345	\$ (5,026,834)	\$ (848,116)
Shares issued for warrant exercise	231,669	148,283	(59,584)	-	-	-	88,699
Shares issued on private placement, net	350,000	218,209	-	79,291	-	-	297,500
Shares issued for debt settlement	312,768	251,679	-	-	-	-	251,679
Share-based payments	-	-	-	-	119,734	-	119,734
Net loss for the period	-	-	-	-	-	(1,430,591)	(1,430,591)
Balance at June 30, 2015	17,120,313	\$ 3,532,327	\$ -	\$ 861,924	\$ 542,079	\$ (6,457,425)	\$ (1,521,095)

	Number of common shares	Share capital	Shares to be issued	Warrants	Share-based payment reserve	Deficit	Total
Balance at December 31, 2013	13,422,323	\$ 1,416,627	\$ -	\$ 948,551	\$ 86,178	\$ (2,338,889)	\$ 112,467
Shares issued for warrant exercise	1,533,334	705,050	-	(245,050)	-	-	460,000
Share-based payments	-	-	-	-	81,874	-	81,874
Net loss for the period	-	-	-	-	-	(1,237,702)	(1,237,702)
Balance at June 30, 2014	14,955,657	\$ 2,121,677	\$ -	\$ 703,501	\$ 168,052	\$ (3,576,591)	\$ (583,361)

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

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2015 and 2014

(Unaudited)

	Note	2015	2014
Cash flows from operating activities:			
Net loss for the period		\$ (1,430,591)	\$ (1,267,192)
Adjustments for:			
Depreciation	7 & 8	79,107	78,845
Share-based compensation	12	119,734	81,874
Change in non-cash operating working capital			
Other receivables		200,077	(107,110)
Prepayments and deposits		(14,880)	10,896
Accounts payables and accrued liabilities		624,080	643,482
		(422,473)	(559,205)
Cash flows from financing activities:			
Proceeds from issuance of common shares, net	11	297,500	-
Proceeds from warrant exercise	13	150,585	460,000
Proceeds received from shares to be issued	11	(59,584)	-
Payment of long-term debt	10	(4,881)	(4,408)
		383,620	455,592
Cash flows from investing activities:			
Investment		69	-
		69	-
Increase (decrease) in cash and cash equivalents		(38,784)	(103,613)
Cash and cash equivalents, beginning of period		56,891	167,863
Cash and cash equivalents, end of period		\$ 18,107	\$ 64,250

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

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

SponsorsOne Inc. (formerly New International Infopet Systems Ltd., or "Infopet") (the "Company" or "SponsorsOne") was incorporated under the laws of the Province of Ontario on March 9, 1965. The primary office is located at 400 – 365 Bay Street, Toronto, ON M5H 2V1.

MXM Nation Inc. ("MXM") was incorporated on February 2, 2005 under the Business Corporations Act of Ontario, Canada. On December 19, 2013, MXM completed a reverse takeover transaction of Infopet. For accounting purposes, MXM is considered the acquirer and Infopet the acquiree. Additional information on the transaction is available in Note 4.

The Company is an early stage technology company developing a cloud based social sponsorship platform. This cloud-based platform called "SponsorsCloud" is designed to connect and facilitate one-to-one engagement between corporations to users within social networks.

These consolidated financial statements were authorized by the Board of Directors of the Company on August 5, 2015.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has experienced negative cash flows from operations since inception and has net loss for the period of \$1,430,591. As of June 30, 2015, the Company had a working capital deficit of \$1,591,581.

The Company has relied on financing from its shareholders and officers as well as equity raises to fund operations to date. Implementation of the Company's business plan will require additional debt or equity financing and there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Management believes that it can raise sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due.

Accordingly, these financial statements do not reflect adjustments or classifications which might be necessary if the Company was not able to continue as a going concern.

2. BASIS OF PRESENTATION

Basis of presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2014, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Functional currency

The Company and its subsidiary's functional currency, as determined by management, are Canadian dollars. These financial statements are presented in Canadian dollars.

Consolidation

The financial statements of the Company include the accounts of the Company and its subsidiary. All intercompany transactions have been eliminated. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies in all material respects.

Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2014.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

4. REVERSE TAKEOVER TRANSACTION

On December 19, 2013, MXM completed a reverse takeover of Infopet (the "Transaction"). Infopet acquired all of the issued and outstanding shares of MXM by issuing one unit for each MXM common share held. Each unit consisted of one common share of Infopet and one-half warrant exercisable at \$0.65 for one common share of Infopet, expiring one year from the date of the transaction.

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

This Transaction has been accounted for as a reverse acquisition that does not constitute a business combination. For accounting purposes, these financial statements reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, MXM.

Consideration:

1,068,320 shares at a price of \$0.30 per share (note 10 (iv))	\$ 320,496
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Net assets acquired:

Cash and cash equivalents	\$ 118
Accounts payable and accrued liabilities	(7,534)
Due to shareholders	(235,986)
	(243,402)
Excess attributed to cost of listing	563,898
Total	\$ 320,496

Listing cost

Excess attributed to cost of listing	\$ 563,898
Professional fees	200,000
Other	82,625
	\$ 846,523

The price per share of \$0.30 was based on the fair value of MXM common shares immediately prior to the closing of the Transaction.

5. OTHER RECEIVABLES

<i>As at June 30,</i>	<u>2015</u>	<u>2014</u>
HST recoverable	\$ 85,730	\$ 213,011
Other receivables	1,300	1,300
	\$ 87,030	\$ 214,311

6. INVESTMENTS

The Company holds a \$10,000, 1-year GIC, paying a 1.3% annual coupon. The GIC is used to secure the Company's credit card facility.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

7. CAPITAL ASSETS

		Computer equipment		Marketing vehicle		Total
Cost						
At December 31, 2013	\$	3,724	\$	219,596	\$	223,320
Additions		1,884		-		1,884
At December 31, 2014	\$	5,608	\$	219,596	\$	225,204
Additions		-		-		-
Balance at June 30, 2015	\$	5,608	\$	219,596	\$	225,204
Accumulated depreciation						
At December 31, 2013	\$	1,683	\$	53,518	\$	55,201
Expense for the year		1,607		14,676		16,283
At December 31, 2014	\$	3,290	\$	68,194	\$	71,484
Expense for the period		935		7,338		8,273
Balance at June 30, 2015	\$	4,225	\$	75,532	\$	79,757
Net book value						
At March 31, 2015	\$	1,383	\$	144,064	\$	145,447
At December 31, 2014	\$	2,318	\$	151,402	\$	153,720

8. INTANGIBLE ASSETS

		System architecture and design		Patent applications		Customer lists		Application code, design, branding		Total
Cost										
At December 31, 2013	\$	200,000	\$	150,000	\$	25,000	\$	50,000	\$	425,000
Additions		-		-		-		-		-
At June 30, 2015 and December 31, 2014	\$	200,000	\$	150,000	\$	25,000	\$	50,000	\$	425,000
Accumulated depreciation										
At December 31, 2013	\$	61,111	\$	45,833	\$	7,639	\$	15,278	\$	129,861
Expense for the year		66,668		50,000		8,332		16,668		141,668
At December 31, 2014	\$	127,779	\$	95,833	\$	15,971	\$	31,946	\$	271,529
Expense for the period		33,334		25,000		4,166		8,334		70,834
Balance at June 30, 2015	\$	161,113	\$	120,833	\$	20,137	\$	40,280	\$	342,363
Net book value										
At June 30, 2015	\$	38,887	\$	29,167	\$	4,863	\$	9,720	\$	82,637
At December 31, 2014	\$	72,221	\$	54,167	\$	9,029	\$	18,054	\$	153,471

The Company purchased property with a value of \$425,000 in exchange for the issuance of 5,833,333 common shares.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

<i>As at June 30,</i>	<u>2015</u>	<u>2014</u>
Accounts payable	\$ 1,560,268	\$ 1,090,497
Accrued liabilities	160,000	20,000
	<u>\$ 1,720,268</u>	<u>\$ 1,110,497</u>

10. LOANS PAYABLE

In February 2007, a company controlled by an officer of the Company entered into a loan agreement for the purchase of equipment. As the Company holds an exclusive use agreement over the equipment, which was obtained for the benefit of the Company, and the Company has agreed to pay for all reasonable costs associated with using and financing the equipment, the equipment and corresponding loan obligation are recorded on the Company's records. The loan amount was \$42,043, maturing February 2023 bearing interest at 6.69%. The loan was refinanced at 7.71% for another five years effective February 2012. The equipment serves as collateral for the loan. As at June 30, 2015, the balance of this loan was \$26,186 (2014 – \$28,624).

In March 2011, an officer of the Company entered into a loan agreement for the purchase of equipment. As the Company holds an exclusive use agreement over the equipment, which was obtained for the benefit of the Company, and the Company has agreed to pay for all reasonable costs associated with using and financing the equipment, the equipment and corresponding loan obligation are recorded on the Company's records. The loan amount was \$176,910, maturing February 2028 bearing interest at 7.64%. The loan was refinanced at 7.10% in August 2013, with the maturity date unchanged. The equipment serves as collateral for the loan. As at June 30, 2015, the balance of this loan was \$151,956 (2014 – \$159,110).

The following table summarizes the payments and interest payable for the next five years:

<i>As at June 30,</i>	<u>2015</u>	<u>2014</u>
Payments due within one year	22,722	22,722
Payments due years two to five	90,888	86,386
Total Interest paid	54,885	57,872

11. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares with no par value.

Issued:

- (i) The Company issued 350,000 common shares on the closing of a private placement for a gross proceed of \$297,500.
- (ii) During the six month period ended June 30, 2015, 231,669 warrants were exercised for gross proceeds of \$150,585.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

- (iii) During the reporting period, the Company issued 312,768 common shares to settle \$251,682 of debt.
- (iv) In May 2014, the Company announced it intended to raise up to \$3,000,000 through a non-brokered private placement of up to 3,529,412 units at a price of \$0.85 per unit. Each unit will consist of one common share and one half of one common share purchase warrant. Each whole warrant will be exercisable for a common share at a price of \$1.10 for a period of 24 months from the date of close.

The Company paid a cash finder's fee equal to up to 8% of the units sold, as well as issue finder warrants equal to 8% of the shares sold. Each finder warrant would be entitled to one common share at an exercise price of \$1.10 for a period of 24 months from the date of close.

During the year ended December 31, 2014, 553,805 Units were issued on this private placement for gross proceeds of \$470,680. The Company paid \$36,060 cash in commission and issued 19,648 broker warrants with a fair market value of \$9,059. The fair market value of the 296,550 warrants issued is \$100,384.

- (v) During the year ended December 31, 2014, 1,958,334 warrants were exercised for common shares for gross proceeds of \$643,000. \$284,579 was transferred from the Warrant reserve to share capital with respect to this warrant exercise.
- (vi) During the year ended December 31, 2014, the Company issued 291,414 common shares to settle \$254,075 of debt.
- (vii) As part of the reverse takeover transaction, on December 19, 2013, 1,068,320 common shares were issued to former Infopet shareholders, valued at \$0.30 per share for a total of \$320,496.
- (viii) On December 19, 2013, immediately following the closing of the reverse takeover transaction, the Company converted \$206,000 of outstanding debt owed to a former officer of Infopet into 686,667 common shares and 686,667 warrants. The warrants are exercisable for \$0.30 and expire 2 years from the date of issuance. \$106,137 was assigned to the value of the common shares and \$99,863 to the warrants.
- (ix) In September through November 2013, the Company completed a non-brokered private placement of \$1,100,200 in equity financing at a price of \$0.30 per unit. Each unit consisted of one common share and one warrant exercisable into one common share for \$0.30, expiring two years from the date of the reverse takeover transaction. Transaction costs of \$86,520, finder's and agent warrants of \$183,110, and warrants of \$665,578 were deducted. Cash proceeds of \$900,200 less costs were received, while \$200,000 was received as consideration in advances and expenses paid on behalf of the Company.

12. SHARE-BASED PAYMENT RESERVE

Share Option Plan

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with the policies of the Canadian Stock Exchange and the Plan.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

12. SHARE-BASED PAYMENT RESERVE (continued)

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of ten years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant.

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The fair value of the Company's stock options issued was estimated using the Black-Scholes model using the following assumptions:

A summary of the change in the Company's stock options is as follows:

	Weighted Average Exercise Price	Number of Options
Balance – December 31, 2014	\$ 0.52	1,485,000
Granted – January 19, 2015	\$ 0.89	25,000
Expired	\$ 0.95	(100,000)
Balance – June 30, 2015	\$ 0.50	1,410,000

During the six month period ended June 30, 2015, the Company granted 25,000 stock options at an exercise price range of \$0.89 per share for a period of 10 years from the date of grant. For the period ended June 30, 2015, \$119,734 of stock-based compensation expense was recorded for the fair value of stock options vested (2014 –\$81,874).

The following table summarizes the exercise price of outstanding and exercisable stock options as at March 31, 2015:

Range of exercise prices	Number of options	Weighted average remaining life (years)	Vested and exercisable
\$0.15 - \$0.30	935,000	7.51	935,000
\$0.31 - \$0.90	125,000	9.27	77,500
\$0.91 - \$1.00	350,000	9.04	232,500
\$0.00 - \$1.00	1,410,000	7.87	1,245,000

The fair values of stock options issued in 2015 were estimated using the Black-Scholes option pricing model with the following assumptions:

Assumptions	January 19, 2015
Volatility - estimate based on comparable companies	100%
Risk-free interest rate	1.53%
Expected life (years)	10.00
Dividend yield	Nil
Forfeiture rate	0%
Exercise price	\$ 0.89
Share price	\$ 0.90

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

13. WARRANT RESERVE

The following is a summary of warrants:

Expiry date		Balance, December 31, 2014	Granted	Exercised	Expired or retracted	Balance, June 30, 2015	Weighted average exercise price
December 19, 2015	(a)	395,764	-	-	-	395,764	\$0.30
December 19, 2015	(b)	750,000	-	-	-	750,000	\$0.30
December 19, 2015	(c)	1,916,669	-	-	-	1,916,669	\$0.30
December 19, 2014	(d)	231,669	-	231,669	-	-	\$0.65
December 19, 2015	(e)	686,667	-	-	-	686,667	\$0.30
July 4, 2016	(f)	265,250	-	-	-	265,250	\$1.10
August 28, 2016	(g)	6,300	-	-	-	6,300	\$1.10
July 4, 2016	(h)	25,000	-	-	-	25,000	\$1.10
December 19, 2015	(i)	450,667	-	-	-	450,667	\$0.30
June 1, 2017	(j)	-	350,000	-	-	350,000	\$1.10
Total		4,727,985	350,000	231,669	-	4,846,316	\$0.41

- (a) As part of the September through November 2013 equity raise, 395,764 finder's warrants were issued. These warrants are exercisable into common shares at an exercise price of \$0.30 for a period of 2 years from the date of the reverse takeover transaction. These finder's warrants were valued at \$63,249.
- (b) As part of the September through November 2013 equity raise, 750,000 agent warrants were issued. These warrants are exercisable into common shares at an exercise price of \$0.30 for a period of 2 years from the date of the reverse takeover transaction. These warrants were valued at \$119,861.
- (c) As part of the September through November 2013 equity raise, 4,167,336 warrants were issued to investors as part of a unit private placement. These warrants are exercisable into common shares at an exercise price of \$0.30 for a period of 2 years from the date of the reverse takeover transaction. These warrants were valued at \$665,578.
- (d) As part of the reverse takeover transaction (note 4), 5,833,674 warrants were issued to the shareholders of MXM (11,667,348 half warrants). Each whole warrant is exercisable into one common share at an exercise price of \$0.65 for a period of 1 year from the date of the reverse takeover transaction. No value was assigned to these warrants as there was no consideration given.
- (e) On December 19, 2013, immediately following the closing of the reverse takeover transaction, the Company converted \$206,000 of outstanding debt owed to a former officer of Infopet into 686,667 common shares and 686,667 warrants (note 13). The warrants are exercisable for \$0.30 and expire 2 years from the date of issuance. \$99,863 was assigned to the value of the warrants.
- (f) As part of the equity raise in 2014, the Company issued 270,602 warrants and 19,648 broker warrants. Each warrant is exercisable into one common share at an exercise price of \$1.10 for a period of two years from the date of the issuance.

SPONSORSONE INC.

(FORMERLY NEW INTERNATIONAL INFOPET SYSTEMS LTD.)

Notes to Financial Statements

For the six month period ended June 30, 2015 and 2014

(Unaudited, expressed in Canadian Dollars)

13. WARRANT RESERVE (continued)

- (g) As part of the equity raise in 2014, the Company issued 6,300 warrants. Each warrant is exercisable into one common share at an exercise price of \$1.10 for a period of two years from the date of the issuance.
- (h) On November 5, 2014, 25,000 warrants were issued as a replacement for the same amount of warrants retracted in (f).
- (i) On November 14, 2014, 450,667 warrants were issued as a replacement for the same amount of warrants retracted in (c).
- (j) On June 1, 2015, 350,000 warrants were issued as part of the private placement.

The fair values of warrants issued in 2015 were estimated using the Black-Scholes option pricing model under the following assumptions:

Volatility - estimate based on comparable companies	100%
Risk-free interest rate	0.56%
Expected life (years)	2.00
Dividend yield	Nil

The fair values of warrants issued in 2014 were estimated using the Black-Scholes option pricing model under the following assumptions:

Volatility - estimate based on comparable companies	100%
Risk-free interest rate	1.1% - 1.13%
Expected life (years)	2.00
Dividend yield	Nil

14. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended June 30, 2015 was based on the loss attributable to common shareholders of \$1,430,591 (2014 – \$1,267,192) and the weighted average number of common shares outstanding of 16,613,506 (2014 – 13,716,246). Diluted loss per share did not include the effect of 1,410,000 stock options (2014 – 1,335,000) and 4,846,316 (2014 – 10,300,107) as they are anti-dilutive.

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15. RELATED PARTY TRANSACTIONS

During the period ended June 30, 2015 key management compensation was \$412,182 (December 31, 2014 - \$752,377). Management compensation has been included in the following expense accounts:

	June 30, 2015	December 31, 2014
Consulting fees	\$ 330,000	\$ 520,000
Accounting fees	40,000	46,000
Share-based compensation	42,182	186,377
	\$ 412,182	\$ 752,377

As at June 30, 2015 included in accounts payable and accrued liabilities is \$673,307 (December 31, 2014 - \$452,246) due to related parties for consulting services.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Fair Value

The Company has determined that the carrying values of other receivables, short term investments, accounts payable and accrued liabilities and due to shareholder approximates their fair values due to the current nature of these instruments. The fair value of long-term debt is based on the discounted value of future cash flows under the current financial arrangements at the interest rate the Company expects to currently negotiate for loans with similar terms and conditions and maturity dates. The fair value of long-term debt approximates its carrying value due to the current market rates.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and other receivables.

The Company's credit risk is primarily attributable to cash and HST recoverable. Management believes that the credit risk with respect to cash is remote as it maintains accounts with highly rated financial institutions and the Government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities.

As described in note 1, the Company has disclosed certain conditions which may cast doubt about its ability to continue as a going concern.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

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16. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values. The Company's long term debt has a fixed rate of interest, which are not up for renewal until 2023 and 2028 respectively.

Foreign currency risk

The Company is not exposed to any significant foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital, defined as shareholders' equity (currently a deficiency), are to safeguard the Company's ability to continue as a going concern (note 1) in order to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. 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 development of the business.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2015. The Company is not subject to externally imposed capital requirements.

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18. NFU ACQUISITION

The Company entered into a share purchase agreement on June 24, 2015 to acquire 100% of NFU Inc. ("NFU"), a Toronto-based digital marketing and creative agency. The Company intends to issue up to 1,292,308 at a price of \$0.65 per share for a total of \$840,000. These shares will be issued under the following schedule: 70% after closing, and the final 30% tranche of shares will be subject to NFU meeting certain performance criteria.

The acquisition is currently going through the necessary closing process and is conditional on certain closing requirements.

19. SUBSEQUENT EVENTS

Stock Options

The Company granted 100,000 stock options to an officer with an exercise price of \$0.60 and expiring in 10 years.