PARKIT ENTERPRISE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION FOR THE YEAR ENDED OCTOBER 31, 2017

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This Management's Discussion and Analysis ("MD&A") is prepared as of February 27, 2018 and outlines the business strategy, risk profile, business outlook and analysis of financial performance and financial position of Parkit Enterprise, Inc. ("Parkit," or "the Company") for the year ended October 31, 2017 ("2017"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended October 31, 2017 (the "Financial Statements").

This MD&A is based on financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars ("CAD"), unless otherwise stated.

SECTION 1

FORWARD LOOKING STATEMENTS

Certain statements contained in this Management Discussion & Analysis ("MD&A") constitute forward-looking statements. These statements reflect, among other things, management's expectations regarding the Company and the Company's business. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or event to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements are current only as of the date of the MD&A. The Company disclaims any obligation to publicly update or revise such statements to reflect any change in expectations, events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those in the forward looking statements, except as required by National Instrument 51-102.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- Establishment and expansion of business segments
- Capital and general expenditures;
- Projections of market prices and costs;
- Expectations regarding the ability to raise capital; and
- Treatment under governmental regulatory regimes.

Actual results could differ materially from those anticipated in this MD&A as a result of the risk factors set forth below and elsewhere in the MD&A:

- Liabilities inherent in our operations;
- Uncertainties associated with estimated market demand and sector activity levels;
- Competition for, among other things, capital, acquisitions and skilled personnel;
- Fluctuations in foreign exchange or interest rates and stock market volatility; and
- The other factors discussed under "Risk Factors".

These factors should not be construed as exhaustive.

NON-IFRS MEASURES

Certain terms used in the MD&A such as “Earnings Before Interest, Tax, Depreciation and Amortization” (“EBITDA”), “Net Operating Income” (“NOI”), “Funds From Operations (“FFO”), “Yield”, “Occupancy”, “Gross Book Value”, “Appraised Value”, “ Capitalisation (Cap) Rates”, “Investor Rate of Return” and any related per Unit amounts used by management to measure, compare and explain the operating results and financial performance of the Company are not recognized terms under IFRS, and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the Company’s performance to industry data, and the Company’s ability to earn cash from, and invest cash in parking real estate. These terms are defined in this MD&A. Such terms to not have standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publically traded companies.

EBITDA is a non-IFRS measure commonly used as a measurement tool in Canadian businesses. For the purposes of this MD&A, EBITDA is calculated as earnings determined under IFRS less amounts included for interest, taxes, depreciation and amortization included in the IFRS financial statements.

NOI is a non-IFRS measure commonly used as a measurement tool in real estate businesses. For the purposes of this MD&A, NOI is calculated as earnings determined under IFRS less amounts included for corporate expenses, other expenses, interest, taxes, depreciation and amortization included in the IFRS financial statements.

SECTION 2

EXECUTIVE SUMMARY

- Book value increased 4% to $17,384,767 or $0.54 per fully diluted common share.
- Cash increased 42% to $2,200,195 or approximately $0.07 per share.
- General & Administrative expenses decreased by $975,998 or 52% compared to the prior year.
- During the year the Company earned the second earn-out consideration tranche of $2,343,655 as the OP Holdings portfolio achieved its performance target.
- The Company re-invested a further $2,006,504 into its joint venture PAVe LLC resulting in an increase in the Company’s net effective interest in OP Holdings from 23.21% to 24.39%.
- Roadwork construction surrounding Canopy Denver was completed in December 2017 which should lead to revenue improvements in upcoming periods.
- The Company’s participation in OP Holdings generated a profit of $920,312 in 2017 compared to $1,234,926 the prior year. After adjusting for additional one-time costs and the write-off of deferred financing costs related to the refinancing of the OP Holdings debt portfolio, adjusted profit would have been $1,165,312 in 2017.
- While the company's 50% owned Fly-A-Way Parking facility in Nashville experienced softness in 2017, cost control and marketing initiatives are being implemented to restore profit growth. The Company remains confident in the long term potential of this asset, a position reinforced by an updated third party appraisal completed in February 2018 that points to a value well above the current carrying value of the asset on the Company's balance sheet.
- The Company remains focused on pursuing acquisitions and has made considerable progress identifying opportunities, particularly in Canada that include parking assets and services as well as opportunities that function and have similar dynamics to parking.

BUSINESS OVERVIEW

Parkit Enterprise Inc. is an alternative real estate investment firm engaged in the acquisition, optimization, and asset management of income-producing parking facilities across the United States and Canada. As asset manager and investor, the Company has multiple sources of revenue (management fees, acquisition fees, and earnings in equity). Parkit will aggregate a large portfolio of assets, the market value of which will benefit from yield improvement and scale premium. Upon disposition, Parkit will realize capital gains and incentive distributions.

As a listed asset manager and investor, the combination of income streams and gains in intrinsic value (unrealized capital gains) provide Parkit shareholders a rare opportunity for leveraged returns alongside institutional private equity.

The Company's primary asset and source of revenue is an effective 24.39% equity interest in OP Holdings JV LLC ("OP Holdings," or "the joint venture"). On April 22, 2015, the Company entered into a joint arrangement with Parking Real Estate, LLC ("PRE") and Och-Ziff Real Estate to form OP Holdings JV, LLC ("OP Holdings") (the "Transaction"). Upon closing the Transaction, OP Holdings acquired six assets, including two in which Parkit held equity, Expresso Airport Parking ("Expresso") and Canopy Airport Parking ("Canopy").The majority member of OP Holdings is Och-Ziff Real Estate ("Och-Ziff"), a division of an institutional asset manager. OP Holding's goal at inception was to acquire an aggregate of US$500 million of parking real estate located in North America over a three to year five period. To date none of the opportunities reviewed have met the investment objectives of the Company or its joint venture partners. However, OP Holdings continues its efforts to source and assess potential new investment opportunities, and potential sale opportunities for the existing portfolio.

As part of the Transaction, the Company's subsidiary, Greenswitch America and PRE jointly created separate legal entities, Parking Acquisition Ventures, LLC ("PAVe LLC") and PAVe Admin, LLC to manage and oversee the parking assets of OP Holdings as an administrator. The Company has an 82.83% economic interest in PAVe LLC, which is a 29.45% equity member of OP Holding. PAVe Admin is an entity created for legal purposes and hold no assets or liabilities.

In addition, the Company holds an investment in Fly-Away Airport Parking ("Fly-Away Parking"), servicing the Nashville International Airport, in which PAVe LLC acquired a 50% interest on October 30, 2015.

Parkit and its strategic partner, PRE, are responsible for the asset management activities of OP Holdings and Fly-Away Parking. PRE is comprised of senior executives at Propark America, Inc. ("Propark"), an established parking manager with a three-decade history of managing and developing parking facilities.

Parkit's shares trade on the TSX-Venture Exchange under the symbol PKT, and the OTCQX under the symbol PKTEF.

Additional information related to the Company is available on SEDAR at www.sedar.com.

STRATEGIC DIRECTION

Parkit's investment strategy is to maximize shareholder value through growing income streams, and increasing the intrinsic value of portfolio assets. Investments provide income growth through management fees, incentive fees and returns on invested equity. Targeted acquisitions will have 2% to 3% yield improvement potential, and portfolio scale will allow for aggregation premium on sale. Combined, these factors increase the Company's intrinsic value significantly over time. While Parkit's assets are not marked-to-market, and gains in intrinsic value are not recognized in the Company's financial statements, this value is ultimately monetized on disposition.

The Company believes that a geographically diversified parking real estate portfolio possesses excellent potential to generate attractive risk-adjusted returns. On a macro level, both the improving fundamentals of the US economy and the continued strength of the US dollar should provide positive long-term benefits for shareholder value.

Parkit's primary investment is in a joint venture, OP Holdings, alongside with Och-Ziff Real Estate and Parking Real Estate LLC. This joint venture brings together best-of-class alternative real estate investment expertise and parking management expertise. Along with asset level debt financing, OP Holdings has access to sufficient equity capital to grow the portfolio.

As its initial contribution towards the joint venture, Parkit divested substantially all of its equity in Canopy Airport Parking, Denver ("Canopy") and Expresso Airport Parking, Oakland, into OP Holdings. Concurrently, as part of a larger acquisition strategy, the joint venture invested in four additional assets, for a total asset value of $82.6 million, assuming the full repayment of all associated conditional earn-outs.

Since acquisition, the yield on this portfolio has improved 0.6% through execution of our optimization strategies that continue to improve returns. As a result, the Company believes Parkit's intrinsic valuation is significantly more than its book value, and expects the gap to grow over time. In addition to the underlying growth in net operating income, the Company believes that capitalization rates have declined since the formation of the joint venture.

As with Fly-Away Parking, Parkit will also acquire assets independent of OP Holdings, either outright or jointly, with the objective of incubating or optimizing assets for sale into the joint venture or elsewhere.

To more fully take advantage of the North America wide joint venture agreement, the Company has initiated discussions with potential strategic partners to assist in the provision of deal flow for future acquisitions of parking assets.

The Company has recently expanded its evaluation of new investment opportunities, particularly in Canada, to include parking assets and services, as well as opportunities that function and have similar dynamics to parking.

Deal flow has increased and management is hopeful that these efforts will lead to the completion of one or more acquisitions during the current fiscal year.

For further information visit the Company's website at www.parkitenterprise.com.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

A summary of the financial and operational highlights for the years ended October 31, 2017 and 2016 follows:

		October 31, 2017		October 31, 2016
Summary of Company Financial Information				
Fee income	$	227,867	$	258,405
Share of profit from associate		504,316		1,006,162
Share of profit from joint venture		833,993		1,122,447
General and administrative expenses		(906,566)		(1,882,564)
Foreign exchange (loss) gain		(132,724)		63,485
Finance income		3,243		1,875
Loss on disposal of equipment		(12,054)		-
Income tax (expense) recovery		(60,777)		46,050
Net income	$	**457,298**	$	**615,860**
Cash	$	**2,200,195**	$	**1,552,160**
Working Capital	$	**2,467,969**	$	**1,618,058**
Net assets	$	**17,384,767**	$	**16,755,566**

SUMMARY OF SIGNIFICANT EVENTS

Investment in Associate

On April 22, 2017, the Company earned the second earn-out consideration tranche of $2,343,655 (approximately US$1,735,000) as OP Holdings achieved its second performance target. In accordance with the Company's OP Holdings joint venture and PAVe operating agreements, the Company contributed to PAVe LLC $2,006,504 (approximately US$1,485,500) of the consideration receivable, which includes an amount deemed to be an over contribution of $486,854 (approximately $360,000) that is attributable toward the Company's obligation to fund 5% of any future funding requirements of OP Holdings. The remaining balance of the consideration payable in cash amounting to $337,151 (approximately US$249,500) was subsequently settled in August 2017, upon completion of an audit of the performance target achievement.

The fair value of the final tranche of the earn-out contingent consideration receivable is carried on the Company's balance sheet at $1.1 million as at October 31, 2017 (October 31, 2016 - $3.0 million). The final tranche is payable upon disposition of certain assets in OP Holdings.

Investment in Joint Venture – PAVe LLC

Pursuant to joint venture agreement, the Company contributed $2,006,504 (approximately US$1,485,500) in 2017 to its investment in PAVe LLC from its share of the proceeds of the second earn-out of the contingent consideration receivable (see above). PAVe LLC in turn contributed this amount it received from the Company and funds contributed by the other joint venture member into OP Holdings. As of October 31, 2017, the Company's net interest in OP Holdings is 24.39%.

Distributions received during the year-end 2017 totalled $914,984.

The Company's share of profit from PAVe LLC was $42,784 for the three months ended October 31, 2017 (Q3 2016 - $348,098) bringing the balance to $833,993 for the year (2016 - $1,122,447). OP Holdings successfully refinanced its debt portfolio in October 2017. However, as result of this refinancing, OP Holdings recognized additional one-time costs and the write-off of deferred financing costs associated with extinguishment of the old debt. The Company's share of these additional costs amounted to approximately $245,000 and is the main driver of the reduction of the Company’s share of profit in joint ventures recorded for both the quarter and year ended October 31, 2017.

See Section 3 “Investments” for further details and analysis of on the underlying portfolio of assets held in the PAVe LLC joint venture.

Significant general and administrative cost reductions already achieved

General and administrative expenses of $906,566 for the year ended October 31, 2017 have decreased by $975,998 from $1,882,564 for the year ended October 31, 2016.

2016 includes $374,104 in proxy solicitation costs. Reductions in management salaries and fees and other administrative expenses reflect the results of changes put in place by a new management team following the termination of certain senior management personnel in August 2016 after the proxy battle.

In March 2017, the Company relocated its Vancouver office to smaller premises.

Management activity

Since its appointment in August 2016, the Company’s new management, together with the support of the directors, has been focused on matters relating to the transition of the management of the Company. In the time since its appointment, management has been actively identifying and evaluating prospective assets for investment or purchase. Deal flow has increased, particularly in Canada, and management is hopeful that these efforts will lead to the completion of one or more acquisitions during the current fiscal year.

In March 2017, the Company engaged Mr. Pace Goldman, a director of the Company since 2013 to assist Company management in strategy, business development and analysis. Mr. Goldman’s expanded role will be to help build out the Canadian presence of the Company that should complement the Company’s existing infrastructure in the US.

On May 25, 2017, the Company announced the appointment of Mr. Brad Dunkley to the Board as an independent director. Mr. Dunkley currently owns 3,096,000 shares personally (directly and indirectly), representing 9.58% of the issued and outstanding shares of the Company.

The Company appointed JoAnne Odette, CPA, CA, CPA (Illinois) to the office of Chief Financial Officer, replacing Mr. Kirkwood. Mr. Kirkwood resigned his office to pursue another opportunity. Both Mr. Kirkwood’s resignation and Ms. Odette’s appointment are effective August 16, 2017. Ms. Odette had previously worked closely with Mr. Kirkwood and Parkit’s management team facilitating a smooth transition of operations, management and financial reporting following the termination of the former management team in 2016.

SECTION 3

SUMMARY OF OPERATIONS

A summary of the results of operations for the three-month periods and years ended October 31, 2017 and 2016 follows:

		Three months ended October 31, 2017		Three months ended October 31, 2016		October 31, 2017		October 31, 2016
Fee income	$	47,233	$	45,650	$	227,867	$	258,405
Share of profit from associate		38,384		396,886		504,316		1,006,162
Share of profit from joint ventures		42,784		348,098		833,993		1,122,447
General and administrative expenses		(184,915)		(568,833)		(906,566)		(1,882,564)
Income from operations		**(56,514)**		**221,801**		**659,610**		**504,450**
Foreign exchange gain (loss)		116,649		86,141		(132,724)		63,485
Finance income		820		-		3,243		1,875
Loss on disposal of office furniture		-		-		(12,054)		-
Income before tax		**60,955**		**307,942**		**518,075**		**569,810**
Income tax (expense) recovery		(25,239)		(3,748)		(60,777)		46,050
Net income for the period	**$**	**35,716**	**$**	**304,194**	**$**	**457,298**	**$**	**615,860**

Note: (1) Certain balances in respect of the three month period ended October 31, 2016, have been reclassified to conform with presentation for the current periods.

(2) All revenues, operating expenses and share of profit from joint venture are in US dollars and translated to CAD dollars for the financial statements. Thus quarter-on-quarter comparisons are subject to variation in foreign exchange fluctuation.

Discussion of results for the three-month period ended October 31, 2017

For the three-month period ended October 31, 2017 ("Q4 2017"), the Company reported net income of $35,716 (2016 - $304,194) comprised of loss from operations of $56,514 (2016 - income of $221,801) and a foreign exchange gain of $116,649 (2016 – $86,141). The more significant items are discussed below.

Fee income

The Company receives service fees as the asset manager of OP Holdings. In Q4 2017, the Company earned fees of $47,233 (2016 – $45,650). Q4 2016 includes a true-up adjustment reflecting the reset of the asset management fees to a lower rate effective on the one year anniversary of the OP Holdings transaction pursuant to the joint venture agreement. Q4 2017 reflects the second reset of the asset management fees to a lower rate effective on the two year anniversary of the OP Holdings transaction.

Share of profit from associate

The Company's share of profit from associate represents its equity participation of income in Green Park Denver relating to the fair value adjustment of the contingent consideration for the sale of Canopy. Fair value adjustments to the contingent consideration arise principally from the accretion of the discounted value over time as well as the reversal of any impairment for achievement risk. The second tranche of the consideration receivable of $2,343,655 was earned and payable on April 22, 2017 upon achievement of maximum performance targets. The reduction of the accretion recognized during Q4 2017 compared to Q4 2016 reflects the reduction in the remaining consideration receivable balance.

Share of profit from joint ventures

The Company recorded $42,784 (Q4 2016 - $348,098) in book profits from joint ventures, which reflects the Company's share of profits from PAVe LLC (OP Holdings and Fly-Away Parking).

The Company's participation in OP Holdings generated a profit $69,355 in Q4 2017 (Q4 2016 - $341,886). During Q4 2017, OP Holdings refinanced its debt portfolio, which resulted in recognizing additional finance expenses and the write-off of deferred financing costs associated with the old debt. The Company's share of these additional costs amounted to approximately $245,000.

The PAVe LLC book profit also includes the Company's 50% participation in Fly-Away Parking, which generated a loss for the Company of $20,876 in Q4 2017 (Q4 2016 – profit of $6,865). Management continues to monitor the performance of Fly-Away Parking. PRE has advised the Company of cost control and marketing initiatives being implemented to help restore profit growth at Fly-Away Parking

General and administrative expenses

In Q4 2017, general and administrative expenses decreased by $383,918 to $184,915 from $568,833 in the prior year period.

Q4 2016 includes the write-off of transactions costs capitalized in 2015, costs related to the proxy contest, and the provision for the confidential settlements reached with the former Chief Financial Officer and former Chief Investment Officer.

Q4 2017 also reflects the cost savings from its move to smaller offices in March 2017.

Foreign exchange

In Q4 2017, the Company recorded a foreign exchange gain of $116,649 (Q4 2016 - $86,141) which reflects the impact of the weakening of the C$ against the US$ during the quarter on the translation of the Company's US$ cash balances and US$ receivables.

Income tax expense

The Company recorded an income tax expense for the period of $25,239 (Q4 2016 – $3,748) in connection with state tax filing fees.

Year ended October 31, 2017

Fee income

In the year ended October 31, 2017 ("2017"), the Company earned fees of $227,867 (2016 – $258,405), which was lower than in the comparative year period reflecting the reset of the asset management fees to a lower rate effective on the one and two year anniversaries of the OP Holdings transaction pursuant to the joint venture agreement.

Share of profit from associate

The Company recorded share of profit from associate of $504,316 (2016 - $1,006,162), The Company's share of profit from associate represents its equity participation of income in Green Park Denver relating to the fair value adjustment of the contingent consideration for the sale of Canopy. The first tranche of the consideration receivable of $2,191,093 was earned and payable on April 22, 2016 upon achievement of maximum performance targets. The second tranche of the consideration receivable of $2,343,655 was earned and payable on April 22, 2017. The reduction of the accretion recognized during 2017 compared to 2016 reflects the reduction in the remaining consideration receivable balance.

Share of profit from joint ventures

The Company recorded $833,993 (2016 - $1,122,447) in book profits from joint ventures, which reflects the Company's share of profits of $833,993 (2016 - $1,213,104) from PAVe LLC (OP Holdings and Fly-Away Parking), and share of losses of $Nil (2016 – loss of $90,657) from 880 Doolittle.

The Company's participation in OP Holdings generated a profit $920,312 in 2017 (2016 - $1,234,915). During Q4 2017, OP Holdings refinanced its debt portfolio, which resulted in recognizing additional finance expenses and the write-off of deferred financing costs associated with the old debt. The Company's share of these additional costs amounted to approximately $245,000.

The PAVe LLC book profit also includes the Company's 50% participation in Fly-Away Parking, which generated a loss of $72,773 for the Company during 2017 (2016 – profit of $26,318). Management continues to monitor the performance of Fly-Away Parking. PRE has advised the Company of cost control and marketing initiatives being implemented to help restore profit growth at Fly-Away Parking.

The Company's share of the joint venture administrative expenses of $13,546 decreased by $27,657 from prior year. Additional professional fees were incurred in 2016.

The loss in 2016 from 880 Doolittle arose from the residual expenses and taxes owing to the sale of Expresso. 880 Doolittle was dissolved in November 2016 with no further activity recorded.

General and administrative expenses

In 2017 general and administrative expenses decreased by $975,998 to $906,566 from $1,882,564 in the prior year period.

2016 includes the write-off of transactions costs capitalized in 2015, costs related to the proxy contest, and the provision for the confidential settlements reached with the former Chief Financial Officer and former Chief Investment Officer. These additional costs are partly offset by reductions in director fees paid and management salaries and fees paid following the termination of the Former Officers in August 2016.

Income taxes

The Company recorded an income tax expense for the year of $60,777 (2016 – recovery of $46,050) in connection with state tax filing fees. 2016 includes the recovery of state withholding taxes paid by Doolittle in connection with the sale of Expresso.

Foreign exchange

During the year, the Company recorded a foreign exchange loss of $132,724 (2016 – gain of $63,485), which reflects principally the impact of the appreciation (2016 – weakening) of the C$ against the US$ during the year on the translation of the Company's US$ cash balances and the US$ receivables.

PARKIT
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FINANCIAL POSITION

The following table presents consolidated information for the latest interim period and the two most recently completed fiscal years:

	October 31, 2017	October 31, 2016	October 31, 2015
Current Assets	$ 2,477,221	$ 1,890,948	$ 1,306,641
Long Term Receivable(1)	1,261,965	1,554,295	1,941,952
Investment in Associate	1,146,054	2,985,393	4,708,364
Investment in Joint Ventures	12,508,779	10,583,266	9,018,751
Equipment	-	14,554	22,054
Total Assets	**$ 17,394,019**	**$ 17,028,456**	**$ 16,997,762**
Current Liabilities	$ 9,252	$ 272,890	$ 612,864
Total Equity	$ 17,384,767	$ 16,755,566	$ 16,384,898
Total Liabilities and Equity	**$ 17,394,019**	**$ 17,028,456**	**$ 16,997,762**

(1) As at October 31, 2017 management estimated a current portion of the long term receivable of $205,257 (2016 - $213,404; 2015 - $nil) which is included with current assets

As at October 31, 2017, Current Assets are composed of $2.2 million of cash and cash equivalents and $0.3 million of accounts receivables and prepaid expenses and deposits. The cash and cash equivalent assets are retained by the corporate entity for operational expenses and future investment. The accounts receivable balance includes asset management fees, withholding taxes receivable and the short-term portion of the Long-Term Receivable owing to Parkit from Parking Real Estate ("PRE").

The Long Term Receivable represents advances (net of repayments) made by Parkit to PRE for the purpose of PRE's funding of investments in income producing properties and related costs of acquisition. This advance does not receive interest. As at October 31, 2017, the aggregate of the current and non-current portions of the Long Term Receivable balance was $1.47 million (US$1.14 million) of which $0.23 million (US$0.18 million) is to be repaid from the assignment of certain distributions due to PRE and the balance of $1.24 million (US$0.96 million) is to be repaid upon a disposition of properties from OP Holdings or an exit from OP Holdings.

Investment in Associate is the Company's equity share of assets held in Green Park Denver, and represents the remaining fair value of conditional consideration to be received from the sale of Canopy. The decrease in the Investment in Associate balance in 2017 is substantially attributable to contingent consideration of $2.34 million earned during the period, which is partly offset by the accretion recognized during the period of the discounted value of the remaining earn-out consideration amount and the reversal of the risk impairment relating to the second earn-out contingent consideration expected to be fully earned during the period ($0.50 million). The third and final tranche of the contingent consideration receivable is payable following the disposition of certain assets in OP Holdings.

Investment in Joint Ventures increased to $12.51 million as at October 31, 2017 from $10.58 million as at October 31, 2016. This increase is as a result of contributions by the Company of $2.00 million (US$1.49 million) funded from the contingent consideration earned in Q2 2017 and a book profit recorded of $0.83 million, which are partly offset by cash distributions of $0.91 million during the year. Properties in the portfolio are not marked-to-market.

INVESTMENTS

ALL INVESTMENTS ARE IN THE UNITED STATES. ALL RESULTS IN THE INVESTMENT SECTION DISCUSSION ARE IN US DOLLARS

The Company has investments in two joint ventures: i) PAVe LLC; and ii) Doolittle (now dissolved). PAVe holds the Company's investments in OP Holdings and Fly-Away Parking. Doolittle owned the Expresso assets until April 2015 at which time Expresso was divested to OP Holdings. At the end of 2016, 880 Doolittle Dr., LLC, the former owner of Expresso Airport Parking which was acquired by OP Holdings, was dissolved.

Parking Acquisition Ventures LLC ("PAVe LLC" or "PAVe")

PAVe LLC has different classes of membership units, and the entitlements to distributions from these investments are different among each class. The Company is currently entitled to an 82.83% economic allocation of distributions from OP Holdings to PAVe LLC. However, the Company determined it does not control PAVe LLC as control is shared jointly with PRE, and accordingly it accounts for the entity as a joint venture (See Financial Statements note 7).

Following the Company's reinvestment of a portion of the first tranche of the contingent consideration, PAVe LLC's equity interest in OP Holdings increased from 25% to 26.12%, and the Company's equity interest in PAVe LLC increased from 86.67% to 88.84%. Following the Company's and PRE's reinvestment of a portion of the second tranche of the contingent consideration, PAVe LLC's equity interest in OP Holdings increased to 29.45% and the Company's equity interest in PAVe LLC decreased to 82.83%. (See "OP Holdings" below).

The Company has established that through PAVe LLC's role as an administrator and equity member of OP Holdings, PAVe LLC is able to exert significant influence over OP Holdings and accordingly PAVe LLC accounts for its 29.45% interest in OP Holdings as an investment in associate (See Financial Statements note 7).

On October 30, 2015, the Company invested US$677,865 in PAVe LLC for the acquisition of Fly-Away Parking by PAVe Nashville, LLC ("Nashville"). Nashville is held by PAVe LLC directly, and is not part of OP Holdings. The Company is entitled to a 50% economic allocation of distributions from Nashville to PAVe LLC.

Equity earnings for the year from the PAVe joint venture was US$630,600 (2016 - US$916,607), which includes earnings from OP Holdings and Fly-Away Airports (see below) as well as PAVe expenses of US$10,484 (2016 - US$31,452).

OP Holdings (Investment in Joint Venture)

OP Holdings is an investment vehicle that will seek to acquire and aggregate up to US$500 million in income producing parking assets. Parkit acquired a 21.67% membership in OP Holdings (through its PAVe joint venture) for US$6.2 million in April 2015 and pursuant to the joint venture agreement, contributed a further US$1.4 million of the first earn-out consideration and, at the end of April 2017, a further US$1.5 million of the second earn-out consideration. PAVe's currently holds a 29% membership in OP Holdings, with Parkit holding a net 24.39% membership in OP Holding through its 82.83% holding in PAVe. The majority member of the joint venture is Och-Ziff Real Estate, a real estate private equity firm based in the United States.

In April 2015, OP Holdings acquired six assets at an 8% cap rate, for a total of US$82.6 million, assuming full payment of associated conditional earn-outs. The initial property portfolio includes two assets in which Parkit held equity, Canopy and Expresso, as well as four additional facilities described below.

- 'Chapel Square' located in New Haven, Connecticut (Commercial/business district)
- 'Terra Park' located in Jacksonville, Florida (Commercial/business district)
- 'Riccio Lot' located in New Haven, Connecticut (University and medical facility)

- ‘Z Parking’ located in East Granby, Connecticut (Bradley International Airport)

Going forward, Parkit will provide 5% of the equity component of future acquisitions made by OP Holdings. To date, pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, contributions of US$1,652,000 have been made by PAVe LLC in respect of any future capital commitments of the Company, of which the Company contributed US$725,000, representing the excess contributions made by the Company from the first and second earn-out contingent consideration earned.

In October 2017, OP Holdings successfully finalized the refinancing of the debt portfolio of the six parking facilities that was to be used to retire all existing senior debt with excess funds payable to members of OP Holdings. The net excess proceeds received in OP Holdings from the debt refinancing was deemed a capital event and was distributed to the majority member pursuant to the terms of the joint venture agreement. The joint venture agreement details a multi-staged priority payment waterfall for the distribution to members on any Initial Property Capital Proceeds. The Company will be entitled to receive future distributions on any Initial Property Capital Proceeds as the various requirements of the distribution waterfall are achieved.

As a result of the retiring the old debt facilities, OP Holdings was also able to distribute the release of escrow funds. The release of these funds were separate from the capital funds distributed per the above paragraph, and the Company received a cash distribution of US$129,773 in October 2017 for its share from the release of escrow funds.

Also, as a result of this refinancing, OP Holdings recognized additional one-time expenses and the write-off of deferred financing costs associated with extinguishment of the old debt. The Company’s share of these additional costs amounted to approximately US$196,000.

During the year, the Company earned portfolio asset management fees from OP Holdings of US$175,963 (2016 – US$194,471). Pursuant to the joint venture agreement, the asset management fees were reset to a lower rate following the first and second anniversaries of the closing of the OP Holdings transaction in April 2015.

Over the term of investment in OP Holdings, the Company has targeted yield optimization of 2-3%. The yield optimization achieved to date is 0.6%, which has been adversely impacted by the recent performance of Canopy, effected by major ongoing road works that started in 2016 and continued into 2017.

Equity earnings for the year from the OP Holdings joint venture was US$696,511 (2016 – US$932,260) and US$55,471 for the quarter (2016 - $253,962). In addition to the negative impact on the NOI of OP Holdings by the roadwork disruption at Canopy, OP Holdings recognized additional one-time expenses associated with extinguishment of the old debt from the debt refinancing in October 2017. The Company’s share of these additional costs amounted to approximately US$196,000. These additional one-time costs associated with debt refinancing are the main driver of the reduction of the Company’s share of profit in joint ventures recorded for both the quarter and year ended October 31, 2017.

During the year, the Company received cash distributions from OP Holdings of US$716,305 (2016 - $891,157). Total cash distributions of US$1,944,082 have been received during the term of this investment through Q4 2017.

The annual cash yield for the investment is approximately 8.5%, which reflects the impact of the contribution of a portion of the first earn-out in the year, as compared with the yield in the first year of the investment which was in excess of 15%. The Company believes the cash yield will improve by further expected optimization.

A central component of the Parkit strategy is to realize capital gains on the assets upon an exit. However, the accounting rules do not allow the Company to carry its joint venture investments on its balance sheet at a fair value that reflects any appreciation in value beyond that initially recognized at the time of the acquisition and as adjusted for the earn-out consideration. Therefore, any unrealized gain that may arise after the date of acquisition, and taking into account any payment of the earn-out consideration paid, is not reflected on the statement of operations, or in the carrying value on the balance sheet. Further, the carrying value of the joint venture investments is reduced by the amount of any cash distributions to the Company and increased by the amount related book profits attributable to the Company. To the extent distributions exceed book profits the carrying value is reduced. These factors combine to provide a book value that the Company believes is lower than the current fair value of its joint ventures, and supports a premium per-share intrinsic value for Parkit shareholders.

Nashville Fly-Away Parking

On October 30, 2015, the Company invested US$677,865 in PAVe LLC for the acquisition of Fly-Away Parking ("Fly-Away Parking") by PAVe Nashville, LLC ("Nashville"). Fly-Away Parking is a 1,140 stall, 8.5 acre facility servicing the Nashville International Airport. The US$8.0 million acquisition was completed with US$5.4 million of financing at LIBOR plus 230 basis points, amortizing for periods up to 25 years. In addition, US$1.2 million of vendor financing was utilized at 4% amortizing over 5 years.

In 2017 Fly-Away Parking generated a loss for the Company of US$55,427 (2016 – income of US$15,800). Management is concerned by the underperformance at Fly-Away Parking and is monitoring developments. PRE has advised the Company of recent cost control and marketing initiatives being implemented to help restore profit growth at Fly-Away Parking. The Company commissioned an updated third party appraisal that was completed in February 2018, and the Company concluded that no impairment was required to be recognized with regards to Fly-Away Parking as of October 31, 2017.

CASH FLOW SUMMARY

A summary of the Company's consolidated cash flows for the years ended October 31, 2017 and 2016 is as follows:

		October 31, 2017		October 31, 2016
Cash used in operating activities	$	(798,131)	$	(1,712,930)
Cash provided by investing activities		1,485,733		2,009,451
Cash used in financing activities		-		-
Increase in cash and cash equivalents		687,602		296,521
Foreign exchange effect on cash		(39,567)		18,578
Cash balance, beginning of the period		1,552,160		1,237,061
Cash balance, end of year	**$**	**2,200,195**	**$**	**1,552,160**

Operating Activities:

Net cash used in operating activities for the year ended October 31, 2017 was $798,131, compared to $1,712,930 for the year ended October 31, 2016. The lower level of cash used in operations in 2017 reflects the lower level of cash general and administrative expenses incurred during the year as compared against the prior year.

On May 24, 2017, the Company issued 65,073 common shares to a director having a fair value of $22,125 as a non-cash settlement for an amount owing for services provided and accrued as at October 31, 2016 (see section 6).

Investing Activities:

Net cash provided by investing activities for the year ended October 31, 2017 was $1,485,733, compared to $2,009,451 for the year ended October 31, 2016. The cash provided by investing activities in 2017 includes the distribution from associate of the second earn-out contingent consideration earned and PAVe, the assignment by PRE to the Company of its management fee received during the period to repay a portion of the PRE loan receivable, and the contribution of a portion of the second earn-out contingent consideration earned to PAVe (OP

Holdings). In the comparative period in 2016, the Company also received a distribution of residual cash from Doolittle.

Financing Activities:

The Company did not undertake any financing activities during the years ended October 31, 2017 and 2016.

SECTION 4

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2017, the Company had a working capital of $2,467,969 (October 31, 2016 - $1,618,058), and current liabilities of $9,252 (October 31, 2016 – $272,890). The working capital includes cash and cash equivalents of $2,200,195 (October 31, 2016 – $1,552,160). The Company expects to settle its current liabilities through existing cash resources, fee income generated from operations and cash distributions received from PAVe. The Company does not currently anticipate any additional debt or equity financings to fund current operations.

The Company believes that based on its current cash flow projections, that it will be able to meet its liquidity requirements for the foreseeable future.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In November 2017, the Company renewed its office lease, which expires February 28, 2018, for another 12 month term. The Company's total future aggregate minimum office lease payments over the remaining lease term extended to February 28, 2019 are as follows:

		October 31, 2017
Not later than one year	$	42,468
Later than one year and no later than five years		15,112
	$	57,580

The Company has a commitment to contribute 5% of any capital call made by the joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require capital. Management estimates this commitment to be US$7.5 million based on investment targets set out at the inception of the joint venture in April 2015.

Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, upon earning the second earn-out contingent consideration, member contributions to OP Holdings in respect of any future capital commitments approximate US$1,652,000, of which the Company's contribution is approximately US$725,000.

In connection with the acquisition of Fly-Away Parking, Greenswitch America together with PAVe and two other parties (collectively the "Borrowers") entered into a loan and security agreement pursuant to which the Borrowers received a bank loan in the principal amount of US$5,460,000 as partial consideration for the acquisition (the "Loan"). In connection with the Loan, the Borrowers have each granted a security interest in all of their present and future assets and property including the property and assets of Fly-Away Parking. The loan bears interest at LIBOR plus 235 basis points and matures on October 30, 2020.

There are no other sources of financing that the Company has arranged but not yet utilized.

CONTINGENCIES

On August 12 and 15, 2016, the Company terminated the employment of the former Chief Executive Officer, Chief Investment Officer and Chief Financial Officer without notice and without payment of any compensation in lieu of notice. In all three cases, the Company believed, and it continues to believe, that it had (and continues to have) no liability to give any notice or pay any severance to any of the three former officers. However, in February 2017, believing it to be in its best interest, the Company entered into separate confidential settlement agreements with each of the former Chief Financial Officer and former Chief Investment Officer. The aggregate amount from both settlement agreements is not material, was accrued in the Company's audited financial statements as at October 31, 2016.

On December 6, 2016, counsel for the former Chief Executive Officer made a demand for compensation, which was rejected by the Company. The Company believed and continues to believe that it has no liability to have given any notice or to pay any severance to the Chief Executive Officer. The Company is unable to predict the outcome or potential liability, if any, arising from the termination of the former Chief Executive Officer at this time and no amount has been accrued in the financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Unless otherwise mentioned in the Management's Discussion & Analysis there were no proposed transactions.

OUTSTANDING SHARE DATA

As at the date of this report, the Company has 32,310,796 issued and outstanding common shares, 1,745,000 common share stock options outstanding, and no common share purchase warrants outstanding.

PARKIT
ENTERPRISE INC

SECTION 5

SELECTED QUARTERLY INFORMATION

The following table sets forth the selected financial information of the Company on a consolidated basis for each of the eight most recent financial quarters:

Financial ($000's)	October 31, 2017	July 31, 2017	April 30, 2017	January 31, 2017
Fee income	$ 47	$ 48	$ 66	$ 66
Share of profit from associate	38	39	328	99
Share of profit from joint venture	43	385	226	180
Expenses(2)	(210)	(160)	(235)	(210)
Share-based payments	-	-	-	(150)
Loss on disposal of office equipment	-	-	(12)	-
Foreign exchange gain (loss)	117	(318)	165	(96)
Net income (loss) for the period	36	(5)	538	(111)
Per share – basic	$ 0.00	$ (0.00)	$ 0.02	$ (0.00)

Financial ($000's)	October 31, 2016	July 31, 2016	April 30, 2016	January 31, 2016
Fee income	$ 46	$ 69	$ 71	$ 73
Share of profit from associate	397(1)	76(1)	370(1)	163(1)
Share of profit from joint venture	348	263	266	245
Expenses(2)	(573)	(492)	(321)	(363)
Share-based payments	-	-	(88)	-
Foreign exchange gain (loss)	86	107	(323)	193
Net income (loss) for the period	304	25	(24)	311
Per share – basic and diluted	$ 0.01	$ 0.00	$ (0.00)	$ 0.01

Note (1): Balance has been reclassified to conform with presentation for the current periods
(2): Expenses include general and administrative expenses (excluding share-based payments) and tax expense/recovery

Variations in the reported share of profits from the joint venture (PAVe) are impacted by the seasonality effect on the parking business. The share of profits in PAVe was also negatively impacted by the reduction in profit reported by OP Holding in the quarter ended October 31, 2017. OP Holdings successfully refinanced its debt portfolio in October 2017. However, as result of this refinancing, OP Holdings recognized additional one-time expenses and the write-off of deferred financing costs associated with extinguishment of the old debt. The Company's share of these additional costs amounted to approximately $245,000 and is the main driver of the reduction of the Company's share of profit in joint ventures recorded for both the quarter and year ended October 31, 2017.

Additionally, the US$ - C$ exchange rate movements during the quarters give rise to foreign exchange gains and losses, which can have a significant impact on the net income or loss reported for the period.

SECTION 6

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Senior management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Senior management personnel include the Company's executive officers and members of the Board of Directors.

	Year ended October 31, 2017	Year ended October 31, 2016
Total for all senior management		
Short-term benefits	$ 291,513	$ 515,373
Share based payments	109,837	37,641
	401,350	553,014
Total for all directors		
Short-term benefits	85,850	158,425
Share based payments	29,956	50,189
	115,806	208,614
Total	**$ 517,156**	**$ 761,628**

As at October 31, 2016, the Company accrued an amount owing to a director of the Company for services provided valued at $47,125. During the year ended October 31, 2017, the director was paid cash of $25,000. The Company obtained the approval of the TSX Venture Exchange, and on May 24, 2017 issued to the director 65,073 shares in the Company, having a fair value of $22,125 in full settlement of amounts owing as at October 31, 2016.

SECTION 7

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is described in Notes 2 and 3 of the Company's Financial Statements for the year ended October 31, 2017.

New accounting policies

There were no new accounting policies adopted during the year.

Critical judgments and estimates in applying accounting policies

The preparation of the Financial Statement in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's consolidated statements of financial position reported in future periods.

Critical judgments

Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

Classification of investees as subsidiaries, associates or joint ventures

The Company, through its subsidiary Greenswitch America, Inc. ("Greenswitch America") holds investments in parking real estate in the United States of America, and is a party to a number of arrangements whereby the Company is required to assess the degree of control it exerts over the investee in order to classify the investee as a subsidiary, associate or joint venture.

In assessing control, the Company considers the structure and form of the arrangements, the terms agreed by the parties in the contractual arrangements and the Company's rights and obligations arising from the arrangements.

Accounting for investments in associates and joint ventures

Certain investees have different class of membership units, and the entitlements to distributions from these investments are different among each class. Accordingly, the Company has determined that it will equity account for its economic share of interest in the joint venture or associate rather than its equity participation.

Impairment testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required.

The Company also exercised judgment in identifying the cash generating units to apply impairment testing on goodwill and other long-lived assets held in its joint ventures.

Critical estimates and assumptions

Accounting for investments in associates and joint ventures

In applying equity accounting, the Company reviews the accounting policies of the investee and if necessary, make any adjustments in line with those of the Company.

An earnings-based contingency recognized in the Company's associate, Green Park Denver, meets the definition of a financial asset as it represents a contractual right to receive cash or other financial assets.

The associate accounts for the contingent consideration receivable as financial asset available-for-sale subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on the discounted value of anticipated future receipts. The key assumptions take into consideration the probability of meeting each performance target, level of future profits of the disposed business and the discount factor. The key assumptions taken into consideration to determine the fair value as at October 31, 2017 include 90% (2016 – 90%) probability of meeting performance target, and a 10% (2016- 10%) discount factor.

Impairment testing

In assessing impairment on parking real estate, the Company considers a number of factors including cash flow forecasts, capitalization rates (the rate of return on a real estate investment property based on the income that the property is expected to generate), and property valuations. The estimates and assumptions are subject to risk and uncertainty, and actual results could differ. Changes in inputs may alter the results of impairment testing impacting the amount of impairment charge recorded in the statements of operations and the resulting carrying value of assets.

Provisions

A former officer of the Company was terminated from his position in August 2016. The Company recognizes a liability when there is a present obligation arising as a result of a past event, payment is probable and the amount can be estimated reliably. In the Company's assessment of whether to record a provision, the Company considered the legal basis for its decision to terminate the former officer and the settlements to other former officers in assessing the probability and materiality of any future payments. Any changes impacting management's assessment of the timing and probability of the Company's obligations for contingent liabilities may result in the Company recording a liability on its statement of financial position.

SECTION 8

FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is primarily on its cash and cash equivalents and receivables. All of the Company's cash and cash equivalents are held with reputable financial institutions. The Company's policy is to deal only with creditworthy counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets. None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company had a cash balance of $2,200,195 to settle current liabilities of $9,252. The Company expects to fund these liabilities through existing cash resources, revenue generated from operations, additional debt and equity financings, and from funds raised through the partial disposition of interests in its assets.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and other price risk.

a) Interest rate risk

As at October 31, 2017 and October 31, 2016, the Company deposits its cash and cash equivalents in fully liquid bank business accounts. As such the Company does not consider its interest rate risk exposure to be significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, long-term receivable, and its accounts payable and accrued liabilities, denominated in US Dollars. A 10% fluctuation in the US dollar against the Canadian dollar would affect net income for the year by $370,000.

c) Price risk

The Company is not exposed to any significant price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with level 1 inputs having the highest priority. The levels used to value the Company's financial assets and liabilities are described below.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, i.e. as prices, or indirectly, i.e. derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on an observable market, i.e. unobservable inputs.

The fair value of the Company's accounts receivable, long-term receivable, and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statements of financial position.

Cash and cash equivalents are carried at fair value in accordance with Level 1 of the fair value hierarchy, being unadjusted quoted prices in active markets for identical assets or liabilities.

SECTION 9

RISKS AND UNCERTAINTIES

Liquidity Concerns and Future Financing Requirements

We may require additional financing in order to fund our businesses or business expansion. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

General Economic Factors

The willingness of airline passengers to spend money on parking instead of using sources of public transit may be dependent upon general economic conditions. Additionally, if general economic forces lag there is a possibility that air transport demand will decrease thereby directly affecting demand for airport related parking facilities.

Competition

The parking facilities directly competes with existing parking facilities and results are affected by availability of other facilities servicing the same geographic region. The proximity of competitors that will have an impact on operations varies from type of parking facility (off-airport, stadium, central business district).

Future Acquisitions

As part of our business strategy, we may seek to grow by acquiring companies, assets or establishing business relations that we believe will complement our current or future business. We may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for our business. We cannot guarantee that we can complete any acquisition we pursue on favorable terms, or that any acquisitions completed will ultimately benefit our business.

Industry Regulation

There can be no assurances that we may not be negatively affected by changes in United States, Canadian federal, provincial or other legislation, or by any decisions or orders of any governmental or administrative body or applicable regulatory authority.

Our operations are governed by a broad range of federal, state, provincial and local environmental, health and safety laws and regulations, permits, approvals, common law and other requirements that impose obligations relation to, among other things: worker health and safety. As such there are potential liability risks (including potential civil actions, compliance or remediation orders, fines and other penalties) with respect to certain aspects of our businesses.

Conflicts of Interest

Certain of our directors and officers are, and may continue to be, involved in consulting activities outside of their roles with the Company. Situations may arise where the other interests of these directors and officers may conflict with our interests. Directors and officers of the Company with conflicts of interest will be subject to and follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dependence on, and Protection of, Key Personnel

We depend on the continued support and involvement of our directors and officers to develop our business and operations, and the services of our key technical, sales, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on our business, our results of operations, our ability to implement our business plans, and our financial condition. Our success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and we cannot provide assurance that we will be able to attract or retain highly qualified personnel in the future. Our inability to attract and retain highly qualified technical, sales, marketing and management personnel may adversely affect our future growth and profitability. It may be necessary for us to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased. We do not currently maintain corporate life insurance policies on key employees.

Currency Fluctuations

Our revenue is earned in U.S. dollars, and our operating expenses are incurred in Canadian and U.S. dollars. Fluctuations in the exchange rate between the U.S. and Canadian dollar may have a material adverse effect on our business, financial condition and operating results.

Change of management

On August 12, 2016, the Company terminated the employment of its former Chief Executive Officer without notice and without payment of any compensation in lieu of notice. The uncertainty of not reaching a formal settlement agreement with former Chief Executive Officer may adversely impact the future performance of the business.

SECTION 10

CONTROLS AND PROCEDURES

For the purposes of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, the Company is a Venture Issuer and has made no representations relating to the design and evaluations of the disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") and it has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.