ACKROO INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2014

Dated: March 31, 2015

OVERVIEW

Ackroo Inc. ("Ackroo" or the "Company") is a public company and its shares are listed on the TSX Venture Exchange (TSX-V:AKR). The Company was originally incorporated under the laws of the Province of British Columbia and was continued under the laws of the Province of Alberta and subsequently continued federally under the Canada Business Corporations Act. The Company's head office is located at Suite 201 – 62 Steacie Drive, Ottawa, Ontario, Canada K2K 2A9 and records office at suite 1600 - 609 Granville Street, Vancouver, British Columbia, Canada K2K 3G4.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the year ended December 31, 2014 and is prepared as at March 31, 2015. This MD&A should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2014 and 2013, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"), which are available on www.sedar.com. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these Financial Statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

CAUTIONARY NOTE REGARDING ON FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable Canadian securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward looking statements include but are not limited to statements concerning:

- The successful outcome of negotiations to acquire channel partners
- Estimated future sales
- Research and development costs
- The Company's strategies and objectives
- The Company's ability to maintain operating expense levels
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company
- The availability of qualified sales and operations employees
- General business and economic conditions
- The Company's ability to drive economies of scale
- Future financing arrangements

Readers are cautioned that the foregoing lists of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. This cautionary statement expressly qualifies the forward-looking statements.

OUTLOOK

The Company's efforts are focused on selling its SAAS based gift card & loyalty platform into the overall retail market across North America and other selected markets with an extra focus on supporting the small to medium size business segments. This platform enables retailers and retail networks of all types and sizes to increase profitability and build long-term customer relationships through customized gift card, loyalty and rewards programs.

The Company's utilization of its web-based solution provides the power to massively scale in a lightweight online tool that works with customers' existing business processes, making it easy and affordable for businesses of any size to design and launch their own gift card and/or loyalty program.

The Company's online and in-store gift card & loyalty program options provide a blend of stored value capabilities and advanced rewards features and functions, arming businesses with their own 'private currency' and the flexibility to create customized rewards programs that resonate with their customers. During the year ended December 31st, 2014, the Company built on the activities performed throughout 2013 by executing and adding to the core strategy. The key aspects of this strategy are:

- Business: Acquisition of customers through 3 key channels to market:
    - Direct Sales force:
        - Sales Operations
        - Support current customers training, installation and upsell requirements
        - Provide sales and marketing support for our channel partners
    - Product/Referral Partners:
        - Primarily merchant service providers providing solutions like payment services to merchants.
        - Provide integration with their platforms
        - Provide referrals to our sales operations team via a combination of existing and prospective customer of theirs
    - Re-sellers:
        - Independent Sales Organizations that license and re-sell Ackroo's product
        - Invest via a license model to white label the product
        - Are extended a significant discount on retail rates for selling, contracting, billing and providing first line support to merchants they acquire

  The Company continues to spend efforts on attracting, supporting and further developing all 3 of these key channels for the business.

- Finance & Operations: Has 4 main focuses:
    - On-boarding of merchants:
        - Working directly with the merchants to provide point of sale and program setup, training and where possible upselling
        - Engaging with our channel partners around deployment requirements where required
        - Engaging with the R&D team around complicated installs
        - Setting up billing and reporting for merchants
    - Supporting merchants:
        - Call centre and tier 2 support (includes on-call)
        - Trouble shooting and addressing technical issues
        - Interfacing with R&D to solve technical issues
        - Migration of legacy platforms to current core platform
    - Supporting Sales, Marketing and the channels
        - Sales operations focus on driving revenue via current customers and our channels
        - Administration and reporting
        - Channel Training and Marketing

- All general operation, finance and administrative requirements of the business

The Company continues to work at improving processes to reduce costs and improve efficiencies in all of these areas.

- Technology/ Research & Development: Has 3 key focuses:
  - Product Development:
    - Enhancing the current platform
    - Maintaining and developing the short and long-term product road map
  - Supporting Operations:
    - Merchant on-boarding
    - Merchant trouble shooting
    - Migration of legacy platforms to current core platform
  - Product Partners:
    - Supporting and helping acquisition of merchants
    - Supporting and helping acquisition of new partners
    - Developing deeper partnership integration

  The Company continues to further develop our solution set to attract and retain both merchants and product partners alike.

During the year ended December 31, 2014, the Company focused in particular on:

- Reducing the Company's overall operating costs while maintaining product and support levels
- Aligning executive roles to enhance sales capability and maximize the use of financial resources.
- Restructuring the capital structure of the company in order to attract new investors
- Issue a financing to provide the working capital required to sustain and grow the business
- Expanding our revised core Sales strategy by increasing the focus on Sales Operations and the support of our channels
- Enhancing and improving our operational procedures and product relationships with specific payment processing and card production partners.
- Continuing integration with new product partners.
- Further developing our product offering.
- Begin pursuing M&A activities for when timing may be right to execute on them
- Introduction of a new sales channel via Resellers and the operational and technical requirements to support
- Migration of our legacy platforms to our new AKR3 platform
- Pursue potential referral and reseller partners for the business

Our shift to focusing on Sales Operations vs. Outside sales and the support of our channels is a key driver in our ability to scale while maintaining a lower cost of sales for the business. The acquisition of more referral and reseller partners also allows us to reduce our costs of sales while allowing us to also enter new markets.

On the technology front, we have continued to deepen our relationship with our product partners building aligned product roadmaps together. We added several new features to our platform to help enhance our merchant experience. We also have been working to migrate multiple legacy platforms into a single hosted environment and platform which will reduce costs from suppliers to internal support.

Operationally we were able to negotiate settlement and exit on several liabilities the business had including office lease. We have significantly lowered our on-going operating costs for 2015 and beyond

The restructuring of our share structure and re-capitalizing the business helped put us in a position for long term sustainable success.

As at December 31, 2014, the Company had cash reserves of $336,158 and negative working capital of $510,687.

SELECTED FINANCIAL INFORMATION

	For the year ended December 31, 2014	**For the year ended December 31, 2013**
Total revenues	$ 1,328,166	$ 1,284,016
Loss and comprehensive loss	2,810,292	3,882,411
Per share - basic and diluted	0.44	0.68
Total current assets	619,132	647,169
Total current liabilities	1,129,819	470,951
Total long-term financial liabilities	39,500	151,682
Cash	336,158	250,363
Total equity	(518,283)	1,111,501

Financial information prepared in accordance with International Financial Reporting Standards ("IFRS")

Operations:

As described in the overview, the Company is aggressively selling its SAAS based gift card and loyalty platform into the full retail marketplace with an extra focus on and small and medium size merchants. This platform enables small to medium sized businesses, independent merchants and business networks to increase profitability and build long-term customer relationships through customized gift card, loyalty and rewards programs.

Ackroo Inc. is a holding company that has 100% ownership and control of the operating companies Ackroo Canada Inc. (formerly MoneyBar Rewards Inc.) and Ackroo Corporation. All operations to date have been managed through Ackroo Canada Inc. Ackroo Corporation is a United States based subsidiary that will be used to grow our business in the United States.

SUMMARY OF QUARTERLY RESULTS[2]

	Quarter Ended December 31, 2014	Quarter Ended September 30, 2014	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014
Revenue	$ 350,260	$ 321,972	$ 285,673	$ 370,261
(Loss)	($ 979,874)	($ 478,383)	($ 561,422)	($ 790,613)
Basic and diluted loss per share [1]	(0.15)	(0.10)	(0.10)	($0.10)
	Quarter Ended December 31, 2013	**Quarter Ended September 30, 2013**	**Quarter Ended June 30, 2013**	**Quarter Ended March 31, 2013**
Revenue	$ 406,904	$ 355,861	$ 290,259	$ 230,992
(Loss)	($ 675,604)	($ 697,537)	($ 949,370)	($ 1,559,900)
Basic and diluted loss per share [1]	($0.10)	($0.10)	($0.20)	($0.30)

1 - *Numbers have been rounded to the next decimal for presentation purposes.*
2 - *Financial information prepared in accordance with International Financial Reporting Standards ("IFRS").*

ANALYSIS OF THE SUMMARY OF QUARTERLY RESULTS:

The Company is aggressively selling its SAAS based gift card and loyalty platform into all sectors of the retail economy. The Company's utilization of web-based solutions provide the power to massively scale in a lightweight online tool, that works with customers' existing point-of-sale equipment, making it easy and affordable for businesses of any size to design and launch their own gift card and/or loyalty program.

Over the previous nine quarters the Company has further developed its technology to provide more functionality on a wider range of devices and has built an expanded its operations team. The average quarter to quarter revenue growth, for the nine month period, of over 10% is reflective of this technology and operational focus.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014

The following analysis of the Company's operating results for the year ended December 31, 2014 and includes a comparison against the year ended December 31, 2013.

Revenue

For the year ended December 31, 2014, revenues were $1,328,166 compared to $1,284,016 for the year ended December 31, 2013. During the year ended December 31, 2014 the Company aggressively sold its gift card and loyalty programs to continue revenue growth by over 3%.

Expenses

Cost of goods sold for the year ended December 31, 2014 was $360,888 compared to $426,451 for the year ended December 31, 2013. The results show a margin increase from 67% to 73%. The margin increase is a result of the higher margin product sold in 2014 as compared with 2013.

Depreciation for the year ended December 31, 2014 was $45,187 compared to $35,511 for the year ended December 31, 2013. This depreciation relates to computer equipment, leasehold improvements, furniture and fixtures.

Amortization of intangible assets for the year ended December 31, 2014 was $281,232 compared to $283,682 the year ended December 31, 2013. This amortization relates to amortization of assets acquired from MoneyBar Transactions Canada ("MTC").

Administrative expense for the year ended December 31, 2014 was $1,446,223 compared to $1,456,206 for the year ended December 31, 2013. Decreases in expense relates to human resource expense due to optimization and restructuring of certain aspects of the core functions in the business offset by lease termination charges by $93,352.30.

Research and development for the year ended December 31, 2014 was $674,145 compared to $928,151 for the year ended December 31, 2013. These expenditures reflect the Company's continued commitment to the development of new technologies.

Sales and marketing for the year ended December 31, 2014 was $596,385 compared to $1,046,117 for the year ended December 31, 2013. The decrease in expense relates to the restructuring of certain aspects of the sales organization.

Stock based compensation expense for the year ended December 31, 2014 was $265,570 as compared to $579,825 for the year ended December 31, 2013. Stock based compensation expenses during the year ended December 31, 2014 related to employee incentives and compensation to Board members.

Restructuring expense for the year ended December 31, 2014 was $NIL compared to $464,591 for the year ended December 31, 2013. The expenses mainly encompassed the previously disclosed replacement of employment contracts with consulting contracts to better reflect the ongoing needs of the Company and to provide organizational flexibility coupled with termination of lease agreements in Toronto and Vancouver. As at March 31, 2014 all restructuring expenses have been paid.

Impairment expense for the year ended December 31, 2014 was $557,450 compared to $NIL for the year ended December 31, 2013. A discounted cash flow impairment test was completed on the intangible assets as at December 31, 2014, it is concluded that impairments had occurred and determined that the carrying value of goodwill of $87,316 and intangible assets of $470,134 was impaired.

Interest income for the year ended December 31, 2014 was $872 compared to $14,661 for the year ended December 31, 2013. The income is a results of interest earned on cash deposits. Interest expense for the year ended December 31, 2014 was $53,563 compared to $23,979 for the year ended December 31, 2013, and reflects interest on capital leases, tax filing and amortization of deemed interest on loans.

Loss from Operations

Loss from operations for the year ended December 31, 2014 was $2,200,151 compared to $3,408,502 for the year ended December 31, 2013. The significant decrease in loss from operations for the current period is due to the Company's decision to aggressively pursue cost reduction activities. The loss from operations excluding interest, taxes, amortization, stock-based compensation and restructuring charges for the year ended December 31, 2014 was $1,608,162 compared to $2,509,484 for the year ended December 31, 2013.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, finance lease obligations, and loans payable. Unless otherwise noted, the carrying values of these financial instruments as presented in the condensed consolidated interim statement of financial position reasonably approximate their fair values, due to their short-term nature or their terms and conditions approximate market rates.

The Company's financial instruments have been classified as follows:

Cash and cash equivalents	fair value through profit or loss
Accounts receivable	loans and receivables
Accounts payable and accrued liabilities	other financial liabilities
Finance lease obligations	other financial liabilities

Risk Management

The Company's activities expose it to a variety of financial risks including market risk (i.e. currency risk, interest rate risk), credit and liquidity risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in the market value.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's capital leases and long-term debt bear interest at fixed rate. Bank indebtedness is based on market rates plus a fixed percentage and represents some risk. As a whole,, the Company's exposure to interest rate risk is minimal.

Currency risk

The Company transacts primarily in Canadian dollars and is not exposed to significant currency risk.

(b) Credit risk

The Company is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Company's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents and accounts receivable. The Company's cash and cash equivalents are deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the credit risk on its accounts receivable is limited as the amounts are expected to be collected in the Company's next operating cycle.

The balances at December 31, 2014 are as follows:

	Amounts due	Collected within 30 days of period end	Remaining overdue balance
1 - 30 days due	$ 111,497	$ 98,290	$ 13,207
31 - 60 days due	34,116	34,116	-
61 - 90 days due	537	-	537
Greater than 90 days past due	26,949	7,154	19,795
	$ 173,099	$ 139,560	$ 33,539

The balances at December 31, 2013 are as follows:

	Amounts due	Collected within 30 days of period end	Remaining overdue balance
1 - 30 days due	$ 199,298	$ 138,153	$ 61,145
31 - 60 days due	58,378	47,912	10,466
61 - 90 days due	61,508	58,046	3,462
	319,184	244,111	75,073
Sales taxes receivable	5,451	-	5,451
	$ 324,635	$ 244,111	$ 80,524

The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients, a review of outstanding amounts and maintains provisions for estimated uncollectible accounts. At December 31, 2014, two customers comprised 23% of the Company's trade accounts receivables and 6% of revenue. During the year ended December 31, 2013, sales to one customer represented 8% of the Company's revenue. At December 31, 2013, this same customer comprised 21% of the Company's trade accounts receivables. At December 31, 2014 the allowance for doubtful accounts amounted to $nil (2013 - $nil).

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's management believes its existing working capital coupled with the cash that will be generated from its operations coupled with additional financing activities will enable the Company to meet its financial obligations.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company has a deficit of $12,117,575 and expects to incur further losses in the development of its business. As the Company is still in its early stages of its growth plan the Company does not generate sufficient revenue and has not yet achieved profitable operations, and expects to incur further losses. The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements, exercise of stock options, debt, and the exercise of warrants issued.

The Company's operating activities for the year ended December 31, 2014 consumed cash of $1,312,288 as compared to the year ended December 31, 2013 of $2,734,647.

The operating, investing and financing activities resulted in a $85,795 increase and a $2,706,822 decrease in the cash position of the Company for the year ended December 31, 2014 and December 31, 2013 respectively. The resulting cash balances were $336,158 and $250,363 as at December 31, 2014 and December 31, 2013, respectively.

The Company has negative working capital of $510,687 as at December 31, 2014. In January 2015, the Company has completed additional financing through private placement. The working capital deficit is eliminated.

The Company has future financial commitments under its office-operating lease in the amount of $42,563 for the fiscal 2015.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

SHARE CAPITAL

(a) Issued and outstanding

The Company has completed consolidation of its issued and outstanding share capital on the basis of ten (10) pre-consolidation shares to one (1) post-consolidation share on December 9, 2014.

As at March 31, 2015 the Company had 15,255,825 common shares issued and outstanding (December 31, 2013 – 5,714,412).

On February 3, 2014, the company closed a private placement for gross proceeds of $562,300. The offering was oversubscribed. The Company issued 374,867 units to subscribers at a price of $1.50 per unit, each unit consisting of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at a price of $2.20 per share for a period of 12 months, subject to certain acceleration provisions in the event the Company's shares trade at $3.00 or more for 10 consecutive trading days.

In connection with the Private Placement, the Company has paid finder's fees of $35,135, and has issued 22,073 finder's warrants to finders who introduced subscribers to the Company. The finder's warrants have the same terms as the warrants forming part of the units. All securities issued in connection with the offering are subject to a hold period expiring on June 1, 2014.

On July 15, 2014, the company closed a private placement for gross proceeds of $401,250. The Company issued 802,500 units to subscribers at a price of $0.50 per unit, each unit consisting of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at a price of $1.00 per share for a period of 12 months, subject to certain acceleration provisions in the event the Company's shares trade at $1.50 or more for 10 consecutive trading days.

In connection with the Private Placement, the Company has issued 45,000 finder's warrants to finders who introduced subscribers to the Company. The finder's warrants have the same terms as the warrants forming part of the units. All securities issued in connection with the offering are subject to a hold period expiring on November 15, 2014.

On January 20, 2015, the Company closed a private placement for gross proceeds of $1,254,644. The offering was oversubscribed. The Company issued 8,364,165 units to subscribers at a price of $0.15 per unit, each unit consisting of one common share and one share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at a price of $0.25 per share for a period of 12 months. No finder's fees or commissions were paid in connection with the closing of the private placement.

(b) Escrow Shares

On October 1, 2012 the Company completed the acquisition of MoneyBar Transactions Canada Inc. ("MoneyBar") and issued 4,585,679 common shares of which 3,048,538 were placed in escrow. These were in addition to 57,101 common shares which were held in escrow prior to the acquisition of MoneyBar.

As at March 31, 2015, 1,549,733 common shares remained in escrow (2013 - 2,351,534 shares).

(c) Outstanding Warrants

During the year ended December 31, 2014, in connection with private placements, the Company issued 588,683 subscription warrants to acquire one common share at exercise price between $1.00 and $2.20 per share expiring between January 31, 2015 and July 15, 2015. Ackroo issued 67,073 warrants to agents and finders who provided assistance in connection with the private placement completed by the Company. Each agent warrant entitles the holder to acquire one common share at exercise price between $1.00 and $2.20 per share expiring between January 31, 2015 and July 15, 2015. The Company determined the fair value of the warrants and allocated the residual value to the common shares

In connection with a private placement immediately before the completion of the Change of Business the Company issued 784,148 share units which entitled the holder to receive one common share and one subscription warrant for each share unit. Each subscription warrant entitles the holder to acquire one common share at an exercise price of $7.00 per share until October 1, 2015. The Company determined the fair value of the subscription warrant and allocated the residual value to the common shares.

Ackroo issued 61,123 options to agents and finders who provided assistance in connection with the private placement completed by MoneyBar. Each agent option entitles the holder to acquire one Ackroo common share and one common share purchase warrant at a price of $0.45 until October 1, 2014.

In connection with the January 2015 private placement, 8,364,165 share units which entitled the holder to receive one common share and one share purchase warrant for each share unit. Each subscription warrant entitles the holder to acquire one additional common share at a price of $0.25 until Jan 20, 2016.

A summary of the Company's warrant activity is as follows:

	Number of warrants
Balance at December 31, 2013	**845,270**
Warrants expired	(61,123)
Warrants exercised	-
Warrants issued	655,757
Balance at December 31, 2014	**1,439,904**
Warrants expired	(209,507)
Warrants exercised	-
Warrants issued	8,364,165
Balance at March 31, 2015	**9,594,563**

In the private placement during the year ended December 31, 2014, the fair value of the agent warrants and subscription warrants totalled $29,200 and $255,500 respectively. The fair value was calculated using the Black-Scholes model using risk-free interest rate between 0.97% and 1.10%, volatility between 180% and 194%, 1 year expected life and 0% dividend yield.

The fair value of the agent warrants and subscription warrants issued in 2013 totaled $18,500 and $160,000 respectively. The fair value was calculated using the Black-Scholes model using 1.036% risk-free interest rate, 200% volatility, 1 year expected life and 0% dividend yield.

(d) Stock options

Under the terms of Ackroo, approved Stock Option Plan (ESOP) the Board of Directors of Ackroo may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of Ackroo options to purchase Ackroo Shares, provided that the number of Ackroo Shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding Ackroo Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is engaged in investor relations activities or is a consultant.

Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis. There are currently 15,255,825 Ackroo Shares outstanding, which means that up to 1,525,583 Ackroo Shares could be reserved for issuance upon the exercise of stock options.

Options are exercisable over periods of up to ten years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Ackroo Shares prevailing on the day that the option is granted less a discount of up to 25%, with the amount of the discount varying with market price in accordance with the policies of the Exchange. Options held by an officer, director or service provider (not conducting investor relations) expire 90 days after the option holder has left office or the service provider ceases providing services, and for options held by service providers conducting investor relations, 30 days after Ackroo terminates that relationship. In the case of the death of an employee, officer, director or other service provider, the option may be exercised by a personal representative or heir until the earlier of the option's expiry or one year after the option holder died.

Pursuant to the Stock Option Plan, the Board of Directors may from time to time authorize the grant of options to directors, officers, employees and consultants of Ackroo or employees of companies providing management or consulting services to Ackroo. Other than options granted to consultants performing investor relation's activities, which must vest in stages over 12 months with no more than one-quarter of the options vesting in any three-month period, the Stock Option Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

A summary of the Company's stock option activity is as follows:

	Number of Options	**Weighted Average Exercise Price**
Balance, December 31, 2012	**567,441**	**$4.20**
Expired/Cancelled	(481,648)	$4.20
Granted	479,110	$2.00
Balance, December 31, 2013	**564,903**	**$2.50**
Expired/Cancelled	(562,457)	$2.78
Granted	353,416	$0.87
Balance, December 31, 2014	**355,862**	**$1.18**
Expired/Cancelled	(289,292)	$0.84
Granted	935,000	$0.21
Balance, March 31, 2015	**1,001,570**	**$0.53**

At March 31, 2015, a summary of stock options outstanding and exercisable are as follows:

Grant Date	Number of Options outstanding	Number of Options Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
October 1, 2012	21,571	21,571	$1.00	October 1, 2017	2.51
October 4, 2012	25,000	21,970	$4.50	October 4, 2022	7.52
July 15, 2014	19,999	4,444	$1.00	July 15, 2024	9.30
January 20, 2015	935,000	935,000	$0.21	January 20, 2018	2.81
March 31, 2015	1,001,570	982,985	$0.35		

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Risk free interest rate	1.35%	2.05%
Dividend yield	NIL	NIL
Expected volatility	190.00%	187.00%
Expected life	5 years	6 years

Compensation expense recorded for options granted totaled $265,570 (2013 - $579,825).

The Company uses the Black-Scholes model to calculate option fair values which requires highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. The expected volatility is based on the Company's historical volatility since it became publicly listed plus the historical volatility of the TSX Venture index for the period before its public listing. The expected life is the average expected period to exercise, which given the Company's limited option history, was based on industry benchmarks. The risk free interest rate is the yield on zero-coupon Canadian government bonds of a term consistent with the assumed option expected life.

During the year ended December 31, 2014 the Company cancelled 168,653 options due to termination of employment and 393,804 due to issuance of new options. The 393,804 cancelled options were replaced by issuance of 243,027 new options and treated as modification of existing options resulting in the adjustment of the fair value at the date of modification. The increase in fair value of the modified awards totaled $27,161 calculated using the Black-Scholes model using the inputs disclosed in the table above. The Company issued additional 110,389 stock options in 2014 to employees and contractors.

During the year ended December 31, 2013 the Company cancelled 173,901 options due to termination of employment and 307,747 due to issuance of new options. The 307,747 cancelled options were replaced by issuance of 471,610 new options and treated as modification of existing options resulting in the adjustment of the fair value at the date of modification. The increase in fair value of the modified awards totaled $259,200 calculated using the Black-Scholes model using the December 6, 2013 inputs disclosed in the table above. The Company issued additional 75,000 stock options in 2013 to employees and contractors.

RELATED PARTY TRANSACTIONS

The company entered into consulting agreements with directors and officers resulting in expense in the year of $169,400 (2013 - $226,333). As at December 31, 2014 $nil was unpaid and included in accounts payable and accrued liabilities (2013 - $nil).

On December 30, 2011, the company entered into a service agreement and a license agreement with MoneyBar Transactions Canada Inc. ("MTC") whereby the company will provide services and deliverables as reasonably requested by MTC to assist MTC in performing its obligations under the joint venture agreement between MTC and Kennerly Edwards Consulting Inc. In return for the provision of the services and deliverables, MTC shall pay to the company all net revenues received by MTC and/or its affiliates from its and/or their participation in the joint venture. For the year ended December 31, 2014, the company recognized $66,417 of revenue for the services and deliverables, of which $nil is unpaid and included in accounts receivable as of December 31, 2014. For the year ended December 31, 2013, the company recognized $110,804 of revenue for the services and deliverables, of which $15,154 is unpaid and included in accounts receivable as of December 31, 2013. A shareholder of the company is the principal shareholder and sole director of MTC.

BUSINESS COMBINATION

Effective January 20, 2015, the Company acquired certain assets of Gift2Gift Corp., a company incorporated under the federal laws of Canada, for a purchase price of $150,000. This strategic acquisition will further strengthen Ackroo's penetration of the rapidly growing, multi-billion dollar gift card market by adding innovative features to their existing market leading platform. This acquisition will also potentially increase Ackroo's merchant footprint by adding Gift2Gift Corp.'s more than 500 merchant locations.

Gift2Gift Corp. is a privately held company with deep roots in consumer goods marketing, production and distribution. The Company provides a software and fulfillment solution that allows consumers or companies to personalize or co-brand their favorite gift card. Recognizing the opportunity to address the Gift Card market with a personal touch was the seed for developing their proprietary PhotoGIFTCARD.com system. The Company's focus is on providing a simple, flexible, user-friendly service that anyone can use. Gift2Gift Corp. is headquartered in Vancouver, BC, Canada.

RISKS AND UNCERTAINTIES

The Ability to Manage Growth
Should the Company be successful in its efforts to acquire customers it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Possible Dilution to Present and Prospective Shareholders
The Company's plan of operation, in part, contemplates the further issuance of securities of the Company and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

Lack of Trading
The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price
Market prices for shares of TSX Venture Exchange companies are often volatile. Factors such as announcements of financial results, and other factors could have a significant effect on the price of the Company's shares.

Trends and Uncertainties
The Company's ability to generate revenues in the future is dependent on its ability to successfully acquire channel partners, customers and create an infrastructure to economically manage any resulting growth in operations.

Future Operations
Presently, the Company revenues are not sufficient to meet operating and capital expenses and the Company has incurred operating losses since inception, which are likely to continue for the foreseeable future. The Company anticipates that it will have negative cash flows in the near term. There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. In addition, the Company's operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as the unpredictability of when customers will place orders, the size of customers' orders, the demand for the Company's platform and solutions, the level of competition and general economic conditions. The Company expects to incur operating losses and negative cash flow until its platform gain market acceptance sufficient to generate a commercially viable and sustainable level of sales so that it is operating in a profitable manner. These circumstances raise doubt about the Company's ability to continue as a going concern

CRITICAL ACCOUNTING ESTIMATES

There have been no significant changes to any accounting estimates as disclosed in the Company's most recent audited financial statements as at and for the period ended 31 December 2014.

CHANGES IN ACCOUNTING POLICIES

Except as set out below under "Recent Accounting Pronouncements", the accounting policies applied in the financial statements as at and for the year ended December 31, 2014 are the same as those applied in the Company's audited financial statements as at and for the period ended December 31, 2013 which are available at www.sedar.com. and reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new IFRS standards, amendments to standards and interpretations came into effect January 1, 2014, and have been applied in preparing the condensed consolidated interim financial statements.

- IAS 36 Impairment of Assets
- IAS 32 Financial Instruments Presentation

The adoption of these standards and interpretations has not had any material impact on the condensed consolidated interim financial statements of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.