PRODIGY
VENTURES

PRODIGY VENTURES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED
DECEMBER 31, 2017

March 28, 2018

Basis of Presentation

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Prodigy Ventures Inc. (the "Company") are the views of management and should be read in conjunction with the consolidated audited financial statements and related notes for the years ended December 31, 2017 and 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are expressed in Canadian dollars unless otherwise indicated.

This report is dated as at March 28, 2018, and the Company's additional public filings can be reviewed via the SEDAR website (www.sedar.com). The Company's Audit Committee and Board of Directors have reviewed and approved the MD&A.

Throughout this document, Prodigy Ventures Inc. is referred to as "Prodigy", "we", "our" or "Company". This MD&A provides information that management believes is relevant to an assessment and understanding of the results of operations and financial condition of the Company.

Forward-Looking Statements

This MD&A contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. All statements in this MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking information" within the meaning of Canadian securities laws. This information represents Prodigy's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified personnel; market competition in the rapidly evolving information technology industry; general economic and business conditions; and other risks identified in the MD&A, and Prodigy's consolidated financial statements for the year ended December 31, 2017 as well as assumptions regarding the foregoing. Forward-looking statements speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking information. Prodigy disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on this forward-looking information.

REVERSE TAKEOVER

Prodigy was incorporated as 71 Capital Corp. ("71 Capital") under the Canada Business Corporations Act on February 6, 2008 and was classified as a Capital Pool Company as defined by the TSX Venture Exchange ("TSXV"). On September 10, 2015, the Company closed its qualifying transaction ("Qualifying Transaction") pursuant to an agreement between 71 Capital Corp., TCB Corporation ("TCB") and 2478677 Ontario Ltd., a wholly-owned subsidiary of 71 Capital. In connection with the Qualifying Transaction, 71 Capital changed its name to Prodigy Ventures Inc. Pursuant to the agreement, 71 Capital acquired all of the issued and outstanding shares of TCB.

As part of the Qualifying Transaction, 71 Capital consolidated its common shares on the basis of 2 to 1. TCB recapitalized its share capital via the issuance of 20,024,724 common shares and 88,051,416 restricted voting shares and the cancellation of the common, Series I Class A and Series II Class A shares that were outstanding prior to the Amalgamation. TCB amalgamated with a wholly-owned subsidiary of 71 Capital (the "Amalgamation"), pursuant to which all shares of TCB, including those issued in connection with the Amalgamation, were exchanged for shares of Prodigy. Following completion of the Qualifying Transaction, the Company had an aggregate of 25,688,232 common shares outstanding, comprising 20,024,724 common shares issued to former holders of TCB common shares, 1,183,080 common shares issued to investors who acquired subscription receipts in a private placement which closed on August 31, 2015, 2,274,793 common shares issued for financial advisory services in connection with the transaction and 2,205,635 common shares issued to former holders of 71 Capital common shares. The Company also had 88,051,416 restricted voting shares outstanding.

OVERVIEW

On April 1, 2014, the Company commenced doing business under the registered name “Prodigy Ventures”. The Company took on eight initial subcontractors and shortly thereafter signed agreements with two Canadian banks to provide technology services and began work under those master service agreements.

Prodigy is comprised of two main business units: Prodigy Labs and our Venture Builder.

Prodigy Labs is Prodigy's technology services business, a trusted technology supplier to leading Canadian financial institutions and other large enterprises, providing clients with consulting services for strategy, design, project management, application development, staff augmentation and services related to Prodigy's venture builder business platforms. It provides these technology services to the aforementioned clients. Prodigy Labs' technology consulting services currently represent over 99% of Prodigy's revenue.

The Venture Builder is creating or intends to create new business platforms and applications in many of the highest growth technology segments: mobile, video, voice, augmented reality, artificial intelligence, blockchain, secure identity and payments. Prodigy Venture's business platforms and applications are or will be designed to deliver B2B, B2C, P2P (Peer to Peer) and IoT (Internet of Things) capabilities. Prodigy’s research and development expenses are related solely to the venture builder business.

Vision and Strategy

Prodigy's vision and strategy consists of two tracks. The first track is to aggressively expand its services business, Prodigy Labs, into new market segments, new technologies, and a broader geographic reach. The second track is to create growth as a venture builder by building and marketing its innovative new business platforms and applications.

Management of Prodigy believes that there are a number of primary strategic benefits to operating a services business and venture builder business within one company.

1. Growth multiplier;
2. Top talent attraction and retention;
3. Shared management resources;
4. Shared infrastructure, administration, marketing and sales;
5. Streamlined access to capital for all ventures; and
6. Portfolio approach to new ventures.

Each of these benefits is discussed in greater detail below.

Growth multiplier

Management believes that operating a services business and venture builder within one company multiplies the growth opportunities for each. The enterprise technology services business is highly competitive, and requires a unique offering for a new entrant to grow. The ventures businesses provide the basis of that unique offering by demonstrating expertise in complementary high growth technology segments. While each new venture is primarily focused on building its own platform and application, many will have a significant opportunity for services revenue based on those platforms. However, independently attempting to capture that services revenue would distract from their primary platform-building focus. Instead, it is intended that the services business, Prodigy Labs, will capture and deliver these service revenues, multiplying overall growth.

Talent attraction and retention

Human resources are the core of any software and technology services business. Prodigy's two track strategy is a key enabler in its ability to attract and retain top talent. The most experienced and skilled technologists seek interesting work, opportunities to gain experience with trending developments, competitive compensation, a financial upside and a collegial environment. Prodigy's set of new ventures participate in the latest technology trends. Interesting work opportunities are provided to staff by redeploying to, or timesharing between, the services business and the ventures businesses, with a range of potential experience-building roles. Prodigy strives to keep compensation levels competitive, and its activity in the client staff augmentation business ensures that its market knowledge is current. Prodigy also offers performance incentive options to top performing personnel. A collegial environment is fostered with a relaxed work environment and a minimal hands-on management layer.

Shared management resources

By sharing management resources across a number of cross-pollinating ventures, costs are reduced. The technology talent within each venture is freed to apply itself more efficiently to real value creation and the development and delivery of its actual products and/or services.

Shared infrastructure, administration, marketing and sales

By sharing infrastructure, administration, marketing and sales, Prodigy is able to realize additional cost savings. The pooling of these requirements for all internal ventures permits the acquisition and deployment of more and better resources to satisfy their needs.

Streamlined access to capital

New debt and/or equity will be raised from time to time as required to meet the ongoing aggregate requirements of all ventures. If and when ventures become profitable, their positive cash flows may also be reinvested in new ventures. Capital will be allocated to ventures based upon management's determination of risk/reward trade-offs and regularly reviewed to adapt to changing conditions.

Portfolio approach to new ventures

Finally, a portfolio approach to new ventures mitigates overall risk for all participants: shareholders, management and company personnel. Over time, it is anticipated that some ventures will succeed while others may not. As new ventures mature and become successful, they may become wholly or partially legally and operationally independent, but Prodigy intends to retain ongoing interests in each, and may continue to provide enterprise services, and support for administration, marketing and sales, on a case by case basis. Timing of graduation to full/partial independence will be determined by each venture's growth, ongoing requirements and market conditions.

Prodigy may also transition from a venture builder to an incubator, investing and/or acquiring promising start-ups/businesses in technology areas similar or complementary to its core competencies.

Services Business

Prodigy Labs is Prodigy's technology services business, a trusted technology supplier to leading Canadian financial institutions and other large enterprises, providing clients with consulting services for strategy, design, project management, application development, staff augmentation, and services related to Prodigy's business platforms. Prodigy is a leader in the development of mobile enterprise applications for Canadian banks. Prodigy continues to shift its revenue base from time and material contracts to emphasize fixed price contracts, and plans to extend that trend in its mix of services business to deepen client relationships and improve margins.

Prodigy's technology consulting services currently represent over 99% of its revenue. Prodigy Labs has transitioned from the organic growth of its first three years to a more aggressive business development strategy. The business invested in new staff for sales and marketing led by an Executive Vice President, targeted specific vertical markets, built a pipeline of new client prospects, implemented a contact and sales plan, and defined new services offerings that built upon its successful experience with Canadian banks, as well as the unique capabilities of the other Prodigy businesses. Enterprise prospects are keenly interested in mobile, video, voice, augmented reality, artificial intelligence, blockchain, secure identity and payments platforms and applications,

and need expert assistance to apply them to their businesses. Management of Prodigy believes that this will result in significant growth for Prodigy Labs.

Many Prodigy personnel are dedicated sub-contractors. The company is now hiring more full-time employees. This shift will have a positive impact on future gross profit, build greater staff commitment, and is better aligned with the plan to emphasize fixed price client work. It will also enhance the mobility for staff between the ventures and services tracks within Prodigy, an important attraction for potential new hires. Most of Prodigy's personnel are co-located on the premises of its clients.

Information technologies are abundant, complex and rapidly changing. In this context, Prodigy's success depends on its ability to remain at the forefront of its field, as well as to adapt its service approach to suit each client's specific needs. This situation demands the continual development of cutting-edge expertise, tools and methodology, as well as the skills of competent and committed professionals.

Competition for the services business of Prodigy Labs comes from a broad range of technology companies, from large international players like IBM and CGI, to smaller local participants, like Symbility, Pivotal Labs, TribalScale and others. Prodigy Labs' sales efforts are based upon specific targeting of prospects in sectors of interest, dictated largely by the technology development work in Prodigy's businesses. For example, Prodigy Labs is targeting the banks, other financial institutions, and large retailers to sell services based upon its work in mobile video, voice and secure identity. Sales efforts are on a one-to-one personal level to senior executives in these enterprises.

Venture Builder Business

Prodigy is currently in the process of building a number of new ventures in its venture builder arm, which are described below:

iVideo

Mobile video sharing is one of the fastest growing uses of mobile technology. Instagram, Snapchat, and others have demonstrated the potential for explosive growth, and users have shown a repeated willingness to quickly adopt new platforms offering interesting new video experiences.

iVideo is Prodigy's entry into this space. iVideo was the first split-screen video camera application in Apple's App Store. With almost no marketing effort, iVideo reached over 150,000 downloads in its first year as a free video camera app. It has a world-wide user base, and has reached the Top 100 list in the Photos and Video category of the Apple App Store in many countries.

iVideo has been transformed by Prodigy from a video camera app into a full social video platform and was relaunched for iPhones and iPads in November, 2015. The release offered new social capabilities alongside its split screen interface and additional unique user interface designs for a compelling new video experience. An Apple TV companion app was also launched in December, 2015 along with an Apple Watch app launched at the same time. In May 2016, Prodigy launched iVideo for Android.

Prodigy management believes that iVideo's competitive advantage is the uniqueness of its user interface. Users have repeatedly shown that they will rapidly adopt mobile video apps that offer interesting new experiences. iVideo's user experience is unique compared to all other current offerings. Additionally, iVideo acts as a frictionless cross-platform bridge, enabling users of other platforms to continue to save and share their videos to those platforms while adopting and switching to iVideo, by providing transparent file compatibility and auto-upload features for these competitive platforms.

In November, 2016, the Company launched iVideo Greetings, a new app to easily create and send professional quality, personal video e-greeting cards.

iVideo Greetings gives users 130 video themes, something for every occasion and sentiment. Users simply add their own video message to send a professional quality, themed iVideo greeting. The entire process takes only seconds from start to finish. Each original iVideo Greetings theme has been produced by talented video designers and animators. They integrate seamlessly with the user's own video, bringing their message to life, and making it special and unique.

This new app lets users avoid the time-consuming exercise of going to the store, browsing the greeting card rack and searching to find just the right card. Paper, postage stamps and physical mail are unnecessary. Delivery is immediate.

iVideo Greetings offers themes for all important occasions: birthdays, Christmas, Valentine's Day, weddings, engagements, or to say thanks, I love you, get well, cheer up and countless other special moments. The user experience is fun, quick, easy and memorable. And the cost is less than traditional greeting cards.

The greeting card industry is a multibillion-dollar industry worldwide that is just beginning to evolve into the digital world. iVideo Greetings offers a compelling experience as users worldwide make this shift.

In September, 2017, the Company launched iVideo Greetings for iMessage. The new app extension lets users create and send iVideo greetings while texting others inside the iMessage app. Delivery is immediate, cross platform and a seamless experience from within iMessage. The growth of demand for application extensions for messaging applications has been explosive, and iVideo Greetings is the first application extension of its kind on the iMessage platform. When Apple launches its ApplePay™ Cash for peer-to-peer payments, users will be able to send ApplePay Cash to a recipient, and then send an iVideo Greeting, to deliver a unique, complete gift giving solution within iMessage.

In February, 2017, the Company launched iVideo Gifts, a new app to easily create and send e-gift cards from the top retail brands along with professional quality, personal video e-greeting cards.

The gift card industry is a $100-billion industry that is just beginning to evolve into the digital world. iVideo Gifts offers a compelling experience as users worldwide make this shift.

iVideo Gifts offers a selection of e-gift cards from over 90 top brand name retailers designed for any occasion. With more than 125 professionally designed iVideo Greeting themes, users can quickly create personal and professional video e-cards to send with their gifts.

Brands include Amazon, Banana Republic, Barnes & Noble, Bass Pro Shops, Bed Bath & Beyond, Buy Buy Baby, Delta Air Lines, Domino's, Foot Locker, Gap, Groupon, Land's End, Nike, Old Navy, Petco, Regal Cinemas, Sephora, TGI Friday's, Xbox Live and many more.

iVideo Gifts provides a convenient gift-giving option, any time, to send a unique gift. The user experience is fun, quick, easy and memorable. A free iVideo Greeting e-card is included with each gift. iVideo Gifts saves users the time and effort of going from store to store, shopping for that perfect gift. There's no need to stand endlessly at the greeting card rack, searching to find just the right card. No more paper, postage stamps or physical mail. No more delivery delays.

iVideo Gifts was available for iOS devices in the US App Store and Android devices in the Google Play Store. In December 2017, it was removed from sale while management investigated repurposing the app to serve the e-payments market in lieu of, or in addition to, the gift card market.

In 2018, the iVideo Greetings SDK was made available to serve the e-payments gift market through partnerships with e-payment service providers. This represents an additional opportunity to monetize the iVideo business. Most of the development work for this initiative has been completed and expensed.

The Company limits its investment in new venture builder apps and platforms to the level dictated by its free cash flow from operations until it determines that the time is right to raise additional capital. Research and development expenditures for the iVideo suite of applications are now almost complete. As a result, Prodigy has shifed its research and development into new apps and platforms focused on voice, augmented reality, artificial

intelligence, blockchain and secure identity. These new directions are at an early stage. These directions may represent future revenue opportunities after further exploration and development.

Prodigy Vox™

Prodigy Vox™ is a new voice systems platform under development to enable the creation and management of new apps for Amazon's Alexa devices and Google's Home devices. Other voice devices may be added in future, including Apple's HomePod and others.

ID Verifact™

ID Verifact™ is Prodigy's new secure identity platform and related services, currently under development. ID Verifact™ will enable the rapid onboarding and adoption of Verified.Me, an offering of SecureKey Technologies. Verified.Me is being adopted by many Canadian banks, governments and others (digital asset providers) to enable secure, permission-based digital asset transfers to businesses requesting personal digital assets (digital asset consumers) at the time such requests are authorized by a consumer. Verified.Me is built on the IBM blockchain. Prodigy is a SecureKey Partner.

Intellectual Property

Currently, Prodigy has no patents. The rights to the software developed under contract for customers of Prodigy Labs are owned by those customers. As new ventures develop, their intellectual property will grow and may become significant over time. Each employee, officer, director, consultant and contractor providing services to Prodigy has assigned to Prodigy all rights such person or entity may have in the work completed on behalf of Prodigy.

SELECTED FINANCIAL INFORMATION

	Year Ended December 31 2017 $	Year Ended December 31 2016 $	Nine Months Ended December 31 2015 $
Revenue	12,140,692	11,020,658	6,187,766
Direct costs	8,540,912	7,332,164	3,922,298
Expenses	3,093,319	2,425,773	1,492,015
Provision for income tax	158,933	365,932	212,758
Net and comprehensive income for the period	347,528	896,789	560,695
Earnings per share – basic and diluted	0.00	0.01	0.01
Total assets	3,977,973	3,938,074	2,563,698
Non-current financial liabilities	-	62,471	183,154

The year ended March 31, 2015 was the first year of the Company operating as Prodigy, and the first year implementing its strategic plan. In connection with the reverse acquisition described above, the Company changed its fiscal year-end to December 31 from its previous fiscal year-end of March 31, resulting in a nine-month fiscal period in 2015. As a result of the change in year end, the results of fiscal year ended December 31, 2015 are not directly comparable.

OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017

Operating results for the year ended December 31, 2017 compared to the year ended December 31, 2016 are discussed below.

The Company evaluates operational performance based on two reportable operating segments. Prodigy Labs provides clients with consulting services for strategy, design, project management, application development, staff augmentation and services related to Prodigy's business platforms. The Venture Builder is creating or intends to create new business platforms and applications in many of the highest growth technology segments: mobile video, voice, augmented reality, artificial intelligence, blockchain and secure identity. The Venture Builder's business platforms and applications are or will be designed to deliver B2B, B2C, P2P (Peer to Peer) and IoT (Internet of Things) capabilities.

Total revenue for the year ended December 31, 2017 increased $1,120,034 from $11,020,658 to $12,140,692, an increase of 10% from the year ended December 31, 2016. The increase in revenue was due to a number of new service contracts entered into by the Company in 2017. Over 99% of the Company's revenue was derived from its service business, of which 54% related to fixed price projects and 46% related to time and materials contracts. Management expects further revenue growth in 2018. Prodigy's ability to renew existing contracts and enter into new contracts in turn depends to a great degree on the quality of services provided and technology developed for its customers. Approximately 92% (2016 – 82%) of the Company's revenue for the period relates to transactions entered into with one client.

Direct costs for the year ended December 31, 2017 increased $1,208,748 from $7,332,164 to $8,540,912, an increase of 16% from the year ended December 31, 2016. Direct costs consist primarily of fees and salaries paid to developers working directly for clients in the Company's service business. Direct costs will increase in relation to changes in revenue. Gross profit decreased $88,714 from $3,688,494 to $3,599,780, a decrease of 2% from the year ended December 31, 2016. Margins are expected to remain constant or decrease slightly in the short-term due to cost pressure associated with escalated market demand for technology talent.

Income before income tax for the year ended December 31, 2017 decreased $756,260 from $1,262,721 to $506,461, a decrease of 60% from year ended December 31, 2016. The net and comprehensive income for the year ended December 31, 2017 decreased $549,261 from $896,789 to $347,528, a decrease of 61% from the year ended December 31, 2016. Of the $347,528 in net income, profit of $1,282,698 was attributable to the service business and a loss of $935,170 was attributable to the venture builder business.

Net income per share, basic and diluted, was $0.00 for the year ended December 31, 2017 compared to $0.01 for the year ended December 31, 2016.

Summary of Expenses	Year ended December 31 2017 $	Year ended December 31 2016 $
Expenses		
Advertising and promotion	56,159	79,629
Compensation	1,282,505	980,435
Computers	119,806	66,649
Depreciation	20,223	10,235
Finance costs	34,910	17,364
Loss on sale of property and equipment	983	-
Office and general	11,919	12,041
Professional fees	354,553	145,769
Rent and occupancy costs	98,646	33,545
Research and development	988,571	972,071
Share-based compensation	58,560	72,303
Telecommunications	10,843	4,458
Travel	55,641	31,274
	3,093,319	2,425,773

Total expenses for the year ended December 31, 2017 increased $667,546 year over year from $2,425,773 to $3,093,319.

Advertising and promotion expenses for the year ended December 31, 2017 decreased $23,470 year over year from $79,629 to $56,159. Of the total, $40,176 (2016 – $30,684) was allocated to Prodigy Labs and $15,983 (2016 - $48,945) was allocated to the Venture Builder. The decrease relates primarily to the reduction in advertising expenditures in connection with the promotion of iVideo during the period. The overall cost is expected to increase in connection with increased sales and new ventures promotion.

Compensation for the year ended December 31, 2017 increased $302,070 year over year from $980,435 to $1,282,505. Of the total, $1,156,083 (2016 – $735,326) was allocated to Prodigy Labs and $126,422 (2016 - $245,109) was allocated to the Venture Builder. The increase relates primarily to the hiring of additional sales staff. The overall cost is expected to increase as the Company grows.

Computer expenses for the year ended December 31, 2017 increased $53,157 from $66,649 to $119,806. Of the total, $52,306 (2016 – $46,124) relates to Prodigy Labs and $67,500 (2016 - $20,525) relates to the Venture Builder. The overall cost is expected to increase as additional projects are developed and new staff are hired.

Depreciation for the year ended December 31, 2017 increased $9,988 year over year from $10,235 to $20,223. Of the total, $18,200 (2016 – $7,676) was allocated to Prodigy Labs and $2,023 (2016 - $2,559) was allocated to the Venture Builder. The expense will increase as additional property and equipment is acquired.

Finance costs for the year ended December 31, 2017 increased $17,546 year over year from $17,364 to $34,910. The increase was due to prepayment charges in connection with the full repayment of the Company's remaining long-term debt as well as other non-recurring charges. Of the total, $31,449 (2016 – $13,023) was allocated to Prodigy Labs and $3,461 (2016 - $4,341) was allocated to the Venture Builder. As the Company no longer has any interest-bearing debt, future interest cost is expected to be minimal.

The Company recorded a loss of $983 for the year ended December 31, 2017 (2016 - $Nil) in connection with the sale of property and equipment. Of the total, $876 (2016 – $Nil) was allocated to Prodigy Labs and $107 (2016 - $Nil) was allocated to the Venture Builder.

Office and general expenses for the year ended December 31, 2017 decreased $122 year over year from $12,041 to $11,919. Of the total, $9,004 (2016 – $9,030) was allocated to Prodigy Labs and $2,915 (2016 - $3,011) was allocated to the Venture Builder. The overall cost is expected to increase as the Company grows.

Professional fees for the year ended December 31, 2017 increased $208,784 year over year from $145,769 to $354,553. Of the total, $317,258 (2016 – $109,327) was allocated to Prodigy Labs and $37,295 (2016 - $36,442) was allocated to the Venture Builder. The increase relates primarily to financing, M&A advisory, investor relations and market-making services engagements entered into by the Company in 2017. In the short-term professional fees are expected to vary based on M&A activities.

Rent and occupancy costs for the year ended December 31, 2017 increased $65,101 year over year from $33,545 to $98,646. Of the total, $24,660 (2016 – $8,386) was allocated to Prodigy Labs and $73,986 (2016 - $25,159) was allocated to the Venture Builder. The Company acquired additional office space in 2016 and 2017 to accommodate new staff. These costs are expected to increase as the Company grows.

Research and development expenses for the year ended December 31, 2017 increased $16,500 year over year from $972,071 to $988,571, as a result of increased spending on the Company's new ventures. 100% of the research and development expenses related to the Venture Builder. Future increases or decreases will vary based on the status of projects in development.

Share-based compensation for the year ended December 31, 2017 decreased $13,743 from $72,303 to $58,560. Of the total, $44,364 (2016 – $49,166) was allocated to Prodigy Labs and $14,196 (2016 - $23,137) was allocated to the Venture Builder. The Company issued 1,375,000 options to officers, directors, consultants and employees in October, 2015 and an additional 910,000 options in December, 2016. The fair value of the share-based compensation was expensed over the vesting period, which concluded on December 31, 2016 for the October, 2015 options and concluded on December 31, 2017 for the options issued in December, 2016. In January, 2017 the Company issued 100,000 options for investor relations services, which were to vest in equal amounts each month over 12 months commencing on January 16, 2017 and were exercisable at a price of $0.175 per share for a period of one year from each individual vesting date. In April, 2017 the Company issued 183,823 options for M&A advisory services, which were exercisable at a price of $0.35 per share at any time from the successful completion of an M&A transaction until the 24-month anniversary of the successful completion of such transaction. Upon termination of the investor relations and M&A advisory engagements, these options are no longer outstanding.

Telecommunications expenses for the year ended December 31, 2017 increased $6,385 year over year from $4,458 to $10,843. Of the total, $7,486 (2016 – $3,344) was allocated to Prodigy Labs and $3,357 (2016 - $1,114) was allocated to the Venture Builder. The overall cost is expected to increase as the Company grows.

Travel expenses for the year ended December 31, 2017 increased $24,367 year over year from $31,274 to $55,641. Of the total, $43,548 (2016 – $23,456) was allocated to Prodigy Labs and $12,093 (2016 - $7,818) was allocated to the Venture Builder. The overall cost is expected to increase as the Company grows.

Summary of Quarterly Results

The following table provides selected unaudited financial information for each of the last eight quarters, presented in Canadian dollars:

For the quarters ended	Dec 31/17 $	Sep 30/17 $	Jun 30/17 $	Mar 31/17 $
Total revenue	3,007,244	2,962,484	3,107,656	3,063,308
Net income for the period	5,310	56,534	116,515	169,169
Net income per share – basic and diluted[(I)]	0.00	0.00	0.00	0.00

For the quarters ended	Dec 31/16 $	Sep 30/16 $	Jun 30/16 $	Mar 31/16 $
Total revenue	2,799,337	2,816,743	2,707,311	2,697,267
Net income for the period	140,083	167,550	216,853	372,303
Net income per share – basic and diluted	0.00	0.00	0.00	0.00

Prodigy's revenue is based on management's ability to renew existing contracts, enter into new contracts with its customers and expand its customer base. In recent quarters, Prodigy has seen reduced margins on revenue due to cost pressure associated with escalated market demand for technology talent. Margins are expected to remain constant or decrease slightly in the short term.

Beginning in 2016, The Company increased its investment in management and sales staff and plans to grow the account sales and service team to a staff of up to ten people. The Company also incurred expenditures in research and development in connection with the launch of the iVideo suite of apps as detailed above. These research and development expenditures have been fully expensed. The R&D expenses and sales staff costs contributed to the reduced profit beginning in the latter part of 2016 but are expected to lead to increased revenue in 2018 and beyond.

OPERATING RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

Operating results for the three months ended December 31, 2017 compared to the three months ended December 31, 2016 are discussed below.

Total revenue for the three months ended December 31, 2017 increased $207,907 from $2,799,337 to $3,007,244, an increase of 7% from the three months ended December 31, 2016. The increase in revenue was due to a number of new service contracts entered into by the Company during the period. Over 99% of the Company's revenue was derived from its service business, of which 57% related to fixed price projects and 43% related to time and materials contracts. Management expects further revenue growth in 2018. Prodigy's ability to renew existing contracts and enter into new contracts in turn depends to a great degree on the quality of services provided and technology developed for its customers. Approximately 89% (2016 – 83%) of the Company's revenue for the period relates to transactions entered into with one client.

Direct costs for the three months ended December 31, 2017 increased $344,932 from $1,865,065 to $2,209,997, an increase of 18% from the three months ended December 31, 2016. Direct costs consist primarily of fees and salaries paid to developers working directly for clients in the Company's service business. Direct costs will increase in relation to changes in revenue. Gross profit decreased $137,025 from $934,272 to $797,247, a decrease of 15% from the three months ended December 31, 2016. Margins are expected to remain constant or decrease slightly in the short-term due to cost pressure associated with escalated market demand for technology talent.

Income before income tax for the three months ended December 31, 2017 decreased $191,886 from $210,994 to $19,108, a decrease of 91% from the three months ended December 31, 2016. The net and comprehensive income for the three months ended December 31, 2017 decreased $134,773 from $140,083 to $5,310, a decrease of 96% from the three months ended December 31, 2016.

Net income per share, basic and diluted, was $0.00 for the three months ended December 31, 2017 compared to $0.00 for the three months ended December 31, 2016.

Summary of Expenses	Three months ended December 31 2017 $	Three months ended December 31 2016 $
Expenses		
Advertising and promotion	17,751	36,139
Compensation	391,651	361,450
Computers	33,805	36,238
Depreciation	5,551	3,332
Finance costs	10,239	1,743
Office and general	960	4,254
Professional fees	59,214	32,852
Rent and occupancy costs	30,163	11,928
Research and development	204,475	204,671
Share-based compensation	11,885	19,621
Telecommunications	3,344	1,772
Travel	9,101	9,278
	778,139	723,278

Total expenses for the three months ended December 31, 2017 increased $54,861 year over year from $723,278 to $778,139.

Advertising and promotion expenses for the three months ended December 31, 2017 decreased $18,388 year over year from $36,139 to $17,751. The decrease relates primarily to the reduction in advertising expenditures in connection with the promotion of iVideo during the period. The overall cost is expected to increase in connection with increased sales and new ventures promotion.

Compensation for the three months ended December 31, 2017 increased $30,201 year over year from $361,450 to $391,651. The increase relates primarily to the hiring of additional sales staff during the period. The overall cost is expected to increase as the Company grows.

Computer expenses for the three months ended December 31, 2017 decreased $2,433 year over year from $36,238 to $33,805. The overall cost is expected to increase as additional projects are developed and new staff are hired.

Depreciation for the three months ended December 31, 2017 increased $2,219 year over year from $3,332 to $5,551. The expense will increase as additional property and equipment is acquired.

Finance costs for the three months ended December 31, 2017 increased $8,496 year over year from $1,743 to $10,239. The increase was due to a non-recurring charge associated with the set-up of the Company's operating line. The operating line was not drawn upon as at December 31, 2017. Future interest cost is expected to be minimal.

Office and general expenses for the three months ended December 31, 2017 decreased $3,294 year over year from $4,254 to $960. The overall cost is expected to increase as the Company grows.

Professional fees for the three months ended December 31, 2017 increased $26,362 year over year from $32,852 to $59,214. The increase relates primarily to financing and M&A discussions during the period. In the short-term professional fees are expected to vary based on M&A activities.

Rent and occupancy costs for the three months ended December 31, 2017 increased $18,235 year over year from $11,928 to $30,163. The Company acquired additional office space in 2017 to accommodate new staff. These costs are expected to increase as the Company grows.

Research and development expenses for the three months ended December 31, 2017 decreased $196 year over year from $204,671 to $204,475. 100% of the research and development expenses related to the Venture Builder. Future increases or decreases will vary based on the status of projects in development.

Share-based compensation for the three months ended December 31, 2017 decreased $7,736 from $19,621 to $11,885. The Company issued 1,375,000 options to officers, directors, consultants and employees in October, 2015 and an additional 910,000 options in December, 2016. The fair value of the share-based compensation was expensed over the vesting period, which concluded on December 31, 2016 for the October, 2015 options and concluded on December 31, 2017 for the options issued in December, 2016. In January, 2017 the Company issued 100,000 options for investor relations services, which were to vest in equal amounts each month over 12 months commencing on January 16, 2017 and were exercisable at a price of $0.175 per share for a period of one year from each individual vesting date. In April, 2017 the Company issued 183,823 options for M&A advisory services, which were exercisable at a price of $0.35 per share at any time from the successful completion of an M&A transaction until the 24-month anniversary of the successful completion of such transaction. Upon termination of the investor relations and M&A advisory engagements, these options are no longer outstanding.

Telecommunications expenses for the three months ended December 31, 2017 increased $1,572 year over year from $1,772 to $3,344. The overall cost is expected to increase as the Company grows.

Travel expenses for the three months ended December 31, 2017 decreased $177 year over year from $9,278 to $9,101. The overall cost is expected to increase as the Company grows.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of approximately $2,292,644 as at December 31, 2017 (December 31, 2016 – $1,952,165). Working capital includes current assets less current liabilities on the Company's statement of financial position. Cash flows used in operations totalled $622,329 for the year ended December 31, 2017 (2016 – cash flows from operations of $1,353,462). Cash flows from operations fluctuate based on the timing of customer payments and other annual payments. The Company used $43,772 in investing activities in connection with property and equipment acquired or disposed of during the year ended December 31, 2017 (2016 – $40,714) and $127,521 in financing activities (2016 – $138,047) relating primarily to the Company's loans outstanding during the period. New debt and/or equity will be raised from time to time as required to meet the ongoing aggregate requirements of all ventures. If and when ventures become profitable, their positive cash flows may also be reinvested in new ventures. Capital will be allocated to ventures based upon management's determination of risk/reward trade-offs and regularly reviewed to adapt to changing conditions. Management believes that it will have sufficient capital to fund its operations for the next twelve months.

SUBSEQUENT EVENTS

There were no subsequent events that would have a material impact on this report.

COMMITMENTS AND GUARANTEES

The Company has entered into a seventeen-month lease agreement effective May, 2017. The future minimum annual base rent on office premises under existing operating leases is:

2018	$ 40,294
Total	$ 40,294

In December, 2017, the Company established an operating line of credit for up to $2,000,000, which carries an interest rate of prime plus 1.15%. This facility is covered by a General Security Agreement and standard operating covenants. The Company has not utilized the operating line as of December 31, 2017.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholder equity and debt. The Company's equity comprises the shares of the Company subscribed by the shareholders and retained earnings. The Board of Directors manages the dividend policy and the pricing of products and services of the Company so as to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns for shareholders.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is optimal.

There were no changes in the Company's approach to capital management during the periods ended December 31, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

The Company rented office space from its Chief Executive Officer on a month-to-month lease. These transactions were in the normal course of operations and are measured at the fair value of the rented office space, which is the amount agreed to by the related parties. During the year ended December 31, 2017, the Company paid $12,000 (2016 - $12,000) in rent and occupancy costs.

Compensation to key management personnel

Compensation earned for the year ended December 31, 2017 and 2016 due to persons in charge of the planning, direction and control of the Company, including executive and non-executive directors is as follows:

	Year ended December 31, 2017 $	**Year ended December 31, 2016 $**
Salaries, fees and benefits	1,843,048	1,779,090
Share-based compensation	39,636	61,547
Total	1,882,684	1,840,637

FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash, accounts receivables, accounts payable and accrued liabilities and long-term debt. The fair values of these financial instruments approximate their carrying values, unless otherwise noted, due to their short-term maturities or interest rates which management believes

approximate those of similar instruments in the current market. Except as otherwise noted the Company is not exposed to significant risks in relation to its financial instruments.

The Company's risk management policies are established to identify and analyze the Company's risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Credit risk

Concentration of credit risk relates primarily to the Company's accounts receivable, as the receivables principally derive from one revenue source: technology services. During the year ended December 31, 2017, the Company derived 92% of its revenue from one customer (2016 – 82%). As at December 31, 2017, one customer represented 89% (December 31, 2016 – 91%) of the accounts receivable balance. Over 99% of the Company's revenue was received from customers currently located in Canada. As at December 31, 2017, approximately 51% (December 31, 2016 – 45%) of the Company's accounts receivable are greater than 30 days past due. As at the following dates, the aging of gross trade and other receivables were as follows:

	December 31, 2017	**December 31, 2016**
	$	**$**
Current	1,078,268	935,477
1-30 days	51,658	11,865
31-60 days	799,529	601,715
61-90 days	278,947	168,144
Greater than 90 days	93,191	-
Total	2,301,593	1,717,201

The allowance for doubtful accounts was $Nil at both December 31, 2017 and December 31, 2016. There is no indication, as at these dates, that the debtors will not meet their obligations. Bad debt expenses were $Nil for all reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations which limits the credit risk relating to the customers.

Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations as and when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital.

Management is of the view, based on historical cash flow, that there is sufficient current and future cash flow from its operating activities and third-party loans to sustain ongoing operations. Should contractual commitments require payment, management believes that its current sources of liquidity are sufficient to cover these obligations. A maturity analysis of the payments required under long-term debt is presented above.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company was exposed to variable market interest rates on its long- term debt. As at December 31, 2017, based on a 1% change in interest rates, the estimated sensitivity of the Company's net income to changes in interest rates was ($nil) (December 31, 2016 – ($1,499)), based on an increase and $nil (December 31, 2016 - $1,499) based on a decrease.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at December 31, 2017 and March 28, 2018 the Company had outstanding 26,229,902 common shares (unlimited authorized) and 88,051,416 restricted shares (unlimited authorized). As at March 28, 2018, 3,183,088 common shares and 13,207,712 restricted shares bear a restrictive legend whereby 3,183,088 common shares and 13,207,712 restricted shares, (an amount equal to 15% of the original total number of escrowed shares) are released from the restrictions in accordance with a defined schedule. This release schedule commenced with the release of 2,122,059 common shares and 8,805,142 restricted shares in September, 2015, with additional amounts being released at six-month intervals through until September, 2018, at which time all restrictions will have expired.

As at March 28, 2018, there were 1,785,000 options outstanding of which 1,785,000 had vested. The Company issued 1,375,000 options exercisable at $0.10 per share to officers, directors, consultants and employees in October, 2015 and an additional 910,000 options exercisable at $0.10 per share in December, 2016. Of the total outstanding, 875,000 options expire on December 31, 2018 and 910,000 options expire on December 31, 2019.

CHANGE IN ACCOUNTING POLICIES

Future and recently adopted accounting policy changes

At the date of the authorization of this report, the IASB has issued the following new and revised standards and amendments which are not yet effective for the relevant periods.

IFRS 2 – Classification and Measurement of Share-based Payment Transactions ("IFRS 2") - On June 20, 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payments with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Adoption of IFRS 2 is mandatory and will be effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is adopting IFRS 2 commencing January 1, 2018. Management expects that the adoption of this new standard will not have a material impact as of January 1, 2018.

IFRS 9 - Financial Instruments ("IFRS 9") - IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard also includes a new general hedge accounting standard, which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Adoption of IFRS 9 is mandatory and will be effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is adopting IFRS 9 commencing January 1,

2018. Management expects that the adoption of this new standard will not have a material impact as of January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") - IFRS 15 replaces IAS 11, Construction Contracts and IAS 18, Revenue, as well as various interpretations regarding revenue. This standard introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments. This standard also requires enhanced disclosures. Adoption of IFRS 15 is mandatory and will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is adopting IFRS 15 commencing January 1, 2018. Management expects that the adoption of this new standard will not have a material impact as of January 1, 2018.

IFRS 16 – Leases ("IFRS 16") - In January 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases ("IAS 17") standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The Company has yet to assess the impact of this new standard on its financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income during the period.

Management continuously evaluates the estimates and underlying assumptions based on management's experience and knowledge of facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if affected.

Significant estimates made by management include the following:

Revenue recognition for professional service:

Revenue relating to fixed price professional services contracts is recognized based on the percentage of completion of the project which is assessed based on actual labour cost and budgeted cost required to complete the project. The Company estimates the costs associated with the project based on historical experience.

Allowance for doubtful accounts:

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual accounts receivable balance will be paid. Credit risks for outstanding accounts receivable is regularly assessed and reviewed. The allowance for doubtful accounts is recorded based on specific customer information and experience.

Deferred tax assets and liabilities:

The Company estimates the amount and the timing of the reversing of temporary differences giving rise to deferred tax assets or liabilities and recognizes this amount based on historical experience and substantively enacted tax rates.

These estimates have been applied in a manner consistent with that of prior periods and there are no known trends, commitments, events or uncertainties that management believes will materially affect the assumptions utilized in the accompanying financial statements.

RISKS AND UNCERTAINTIES

The Company's operations involve certain risks and uncertainties that are inherent to the Company's industry and rapidly changing environment that could impact its business, financial condition or results of operations. Additional risks and uncertainties of which the Company is unaware, or that it currently deems to be immaterial, may also become important factors that affect the Company. The following is a description of the principal risk factors that will impact the Company:

Prodigy has a limited operating history and may not maintain profitability

Prodigy is subject to all the risks and uncertainties inherent in a new business and the development and sale of new products. As a result, it still must establish many functions necessary to operate a business, including finalizing its administrative structure, continuing product development, assessing its marketing activities, and personnel recruitment. Prodigy's operating subsidiary, while incorporated in 1992, only commenced its current operations on April 1, 2014. Prodigy is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources. There is no assurance that Prodigy will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Prodigy may not be able to maintain profitability. In addition, Prodigy expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If Prodigy's revenues do not increase to offset these expected increases in costs and operating expenses, Prodigy will not be profitable and may require additional debt or equity financing.

Economic dependence on a limited number of customers

Prodigy's revenue is obtained almost exclusively from its services business. During the year ended December 31, 2017, the Company derived 92% of its revenue from one customer (2016 – 82%). As at December 31, 2017, one customer represented 89% (December 31, 2016 – 91%) of the accounts receivable balance. Prodigy's contracts with these customers are limited in duration, typically with terms of 6-12 months. Prodigy's ability to continue to generate revenue from its services business depends on its ability to regularly renew these contracts and enter into contracts with new customers. Prodigy's ability to renew existing contracts and enter into new contracts in turn depends to a great degree on the quality of services provided and technology developed for its customers.

Prodigy believes that its focus on customer service and support is critical to onboarding new customers and retaining its existing customers. Prodigy's reputation among customers is critical for the growth and success of its business. Any perception that it does not provide satisfactory customer service, even if factually incorrect or based on isolated incidents, could damage Prodigy's reputation, undermine the trust and credibility it has established and have a negative impact on its ability to attract new, or retain existing, customers and enter into new markets or sectors.

Future growth dependent upon success of venture business

Prodigy's future growth depends on the success of its venture builder business, the strategy of identifying, developing and launching new business platforms and applications in potentially high growth technology segments such as mobile video, voice, augmented reality, artificial intelligence, blockchain and secure identity. These areas are highly competitive and Prodigy may not be able to develop and implement its new platforms or applications before its competitors. Prodigy only has a small window of opportunity in which to gain the customer acceptance necessary to become a market leader in a particular target market, and it may not be able to develop its ventures before its potential competitors do so.

There is also no guarantee that Prodigy's platforms or applications will gain market acceptance ahead of those of its competitors, and thus may only have limited potential. Prodigy may realize, only after investing significant resources in a new platform or application, that such platform or application is not likely to generate the profits, growth or value that it expected.

Need for ongoing innovation

The markets in which Prodigy competes are characterized by constant change and innovation and they are expected to continue to evolve rapidly. Prodigy's success has been based on its ability to identify and anticipate the needs of its customers and design platforms that provides them with the tools to serve their needs. Prodigy's ability to attract new customers, retain existing customers and increase revenue from both new and existing customers will depend in large part on its ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its platforms.

Ongoing need for financing

Prodigy has earned minimal revenue to date from its venture builder business. Its ability to continue operations will be largely reliant on its continued attractiveness to equity investors and profit from its services business. The Company may incur operating losses as it spends funds to develop its venture builder business operations. There is no guarantee that the Company will be able to achieve its business objectives. The continued development of Prodigy may require substantial additional financing in future. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. While the services business will provide some level of funding, a critical source of funding available to the Company will consist of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels.

Attraction and retention of key personnel

The Company has a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on its business. The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff. Prodigy has sought to and will continue to ensure that management, directors and any key employees are provided with appropriate incentives; however, their services cannot be guaranteed.

Prodigy's future growth and success will depend upon its ability to identify, hire, develop, motivate and retain talented personnel with outstanding skills. There is no guarantee that it will be able to retain the services of any of its employees or other members of senior management in the future. Competition for talent is intense, particularly in technology driven industries such as Prodigy's, and its competitors may be able to offer Prodigy's potential or current personnel better pay, experience, benefits or opportunities. Failure to effectively recruit and retain talent could limit Prodigy's ability to increase sales, expand operations and achieve other strategic objectives.

Competition

The industries in which Prodigy operates are highly competitive. The Company faces strong competition from other companies in the industry. Many of these companies have greater financial resources, operational experience and technical capabilities than Prodigy. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis.

Key Executives

Prodigy is dependent on the services of key executives, including its directors and has a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of Prodigy, the loss of these persons or either company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Prodigy operates in an industry with the risk of intellectual property litigation. Claims of infringement against it may hurt its business

Prodigy's success depends, in part, upon non-infringement of intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures or adverse consequences. Participants that own, or claim to own, intellectual property may aggressively assert their rights. From time to time, Prodigy may be subject to legal proceedings and claims relating to the intellectual property rights of others.

Future litigation may be necessary to defend Prodigy or its clients by determining the scope, enforceability, and validity of third-party proprietary rights or to establish its proprietary rights. Some competitors have substantially greater resources and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time. Regardless of whether claims that Prodigy are infringing patents or other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend and could:

- adversely affect relationships with future clients;
- cause delays or stoppages in providing products or services;
- divert management's attention and resources;
- require technology changes to its products that would cause Prodigy to incur substantial cost;
- subject Prodigy to significant liabilities; and
- require Prodigy to cease some or all of its activities.

In addition to liability for monetary damages, which may be tripled and may include attorneys' fees, or, in some circumstances, damages against clients, Prodigy may be prohibited from developing, commercializing, or continuing to provide some or all of its products unless it obtains licenses from, and pays royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favorable terms, or at all.

Management of growth

Prodigy may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Prodigy to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Prodigy to deal with this growth may have a material adverse effect on Prodigy's business, financial condition, results of operations and prospects.

Internal Controls and Procedures

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

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

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware

that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures, and internal controls over financial reporting, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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 TSXV 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.

Additional Information

Additional information about the Company can be found on the Sedar website at www.sedar.com.