Euro Pacific Canada

9 June 2015
SPN-TSXV: $0.68

Snipp Interactive.

A Brand-Focused, Consumer Engagement , Data Analytics Platform

We are initiating with a Speculative Buy Rating and $1.00 PT. We see further upside with a Q315 turn to EBITDA positive (potentially Q215 excluding Hip Digital related expenses put at ~$275K), the successful integration of Hip Digital Media and further accretive acquisitions.

Thesis: Snipp has developed a mobile focused, consumer engagement platform connecting brands directly to consumers thereby empowering brands to directly influence, measure and promote current and follow-on purchases through discounts, redemptions, and loyalty programs. The platform value proposition grows with its data analytics capabilities. **We believe the current valuation at $49M or $0.68 discounts the $0.90 DCF value we attribute to the organic growth potential of its software-as-a-service (SaaS) consumer engagement marketing platform and the existing product suite.**

Our bullish view reflects the potential aggressive upside should Snipp successfully expand its product suite and deploy its disciplined consolidation strategy where two acquisitions YTD support confidence. **Our moderate acquisition scenario could see ~$0.40 added to our DCF and PTs.** We believe the organic growth of Snipp's marketing technology platform will be supplemented with acquisitions from a sector poised for consolidation with a large pool of emerging firms where early digital sales traction leave them pursuing additional capital or partners to fund the next growth phase. Alternatively, existing agencies challenged by digital programs are synergistic targets with customer relationships. We believe Snipp's modular platform and product suite integrated onto its data analytics platform shift acquisition economics with accretive revenue and expense synergies.

While organic growth prospects are modestly undervalued, the product evolution and acquisition potential support much more aggressive upside. **Snipp initially focused on the promo marketing segment put at $100B** (source: IBIS World, Institute of Promotional Marketing) **then added the loyalty market similarly put at $100B (source: Aimia). The end game expands to $800B, including the $600B global advertising market (eMarketer, Dec.2014)** where Snipp will take a data analytics empowered approach to disrupting the existing paradigm for media buying and allocation**.** **Gartner Group predicts Chief Marketing Officers (CMOs) are expected to outspend Chief Investment Officers (CIOs) on technology by 2017.**

Company Profile: Snipp has successfully developed a modular SaaS marketing platform where its lead products feature consumer receipt recognition driven promotions and are focused on the fastest growth mobile segment. The market demand for Snipp's solutions has driven early success based almost exclusively on inbound leads. While receipt recognition isn't unique, Snipp's 60+ program wins YTD and brand authorizations form part of a rapidly expanding reference group for would-be customers that often outweigh the value of IP patents on product verification. **Approval from a brand manager can take up to one year of due diligence and typically require buy-in at the senior levels of an organization. Once approved, Snipp can then market to companion brands across the client.**

Buying Window: The shares have recently declined $0.17 or 20% over the past week, as the 22.2 M units issued at $0.55 have become free trading and given concerns towards the Q115 results. We dive into the strategy and financial implications of the Snipp's aggressive push into the redemption market over the past two quarters. We see it as an aggressive and NPV positive thrust to open doors, establish a track record and drive tag along campaign business. **We believe the merits of Snipp's aggressive moves will surface beginning in Q215 with an aggressive expansion of campaign revenues and potentially EBITDA positive results excluding one-time costs we put at ~$275K related to the Hip Digital acquisition.**

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Speculative Buy Rating

$1.00 Target Price

Initiation of Coverage

Projected Return 47.1%

Terminal FCF Yield 11.3%

Valuation: 14x 2016E EV/EBITDA

All figures in US$ except market data.

Market Data

Market Capitalization	60.5
Net Debt	-11.5
Enterprise Value	49.0
Basic Shares O/S	88.9
Fully Diluted Shares O/S	93.6
Avg. Daily Volume (M)	0.36
52 Week Range	$0.15 - $0.99
Dividend Yield	0.0%

**Capitalization table excludes Hip acquisition until after closing*

Revisions	New	Old
2015E Revenue	15.5	NC
2015E EBITDA	-0.7	NC
2015E EPS	-$0.01	NC

Financial Metrics

FYE - Dec 31	2014A	2015E	2016E
Revenue	3.6	15.5	25.2
Adj. EBITDA	(3.1)	(0.7)	3.4
EPS	($0.07)	($0.01)	$0.04
FCF	(4.0)	(1.0)	4.0
Net Debt:EBITDA	NA	NA	NA
FCF Yield	NA	NA	NA

Valuation Data

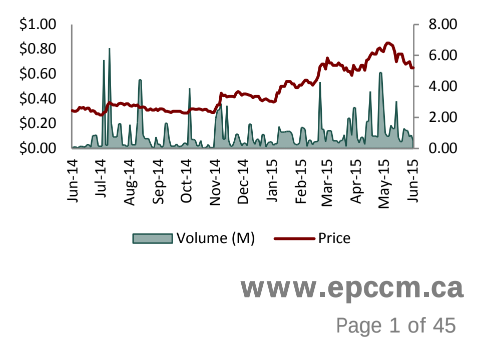
DCF - Current/Target			$0.87	$0.90
EV/EBITDA	Current	NM	NM	13.8x
	Peers	NA	NA	9.5x
	Target	NM	NM	22.3x
P/E	Current	NM	NM	18.5x
	Peers	NA	NA	11.4x
	Target	NM	NM	27.3x

Quarterly Data

		Q1	Q2	Q3	Q4
Revenue	2014	0.3	0.4	0.8	2.0
	2015	3.7	2.7	4.4	4.7
EBITDA	2014	(0.2)	(0.2)	0.0	(2.7)
	2015	(1.2)	(0.1)	0.3	0.4
EPS	2014	$0.00	($0.01)	($0.00)	($0.06)
	2015	($0.00)	($0.00)	$0.00	($0.01)

Company Description

Snipp Interactive delivers digital advertising and transaction measurement tools as well as solutions for running end to end loyalty programmes. Snipp features six main products: (i) SnippWin, (ii) SnippCheck (launched Feb 2013), (iii) SnippLoyalty (launched 2014), (iv) SnippRebates, (v) SnippRewards, (vi) Snipp2U, and (vii) Augmented Reality and Apps. Snipp also builds a consumer receipt database used to provide clients with category benchmarking analytics to guide media allocations and program design. Snipp is headquartered in Bethesda, Maryland.



Snipp has pulled back on fixed price redemption business with its account base expanded, market profile enhanced and capabilities established.

Revenue Disruption/Client Capture: Reviewing Snipp's rapid emergence, the Company has seen revenues advance from $870K in 2013 to $3.56M for 2014 where the fourth quarter revenues at $2.0M represented a step function gain. Most recently, the Q115 revenues at $3.7M continued the trajectory and support our full year 2015 revenue forecast of $15.5M. The last two quarters have seen Snipp move aggressively to gain customer adoption through low-margin fixed price redemption programs. The strategy has successfully gained clients, market awareness and experience while sacrificing margins. **We look for revenue growth to throttle back supporting aggressive margin expansion beginning with Q215 where we have revenues of $2.7M and EBITDA at ($112K) including one-time costs associated with the Hip Digital that we put at ~$275K or 2.75% of the acquisition value**. We have Snipp reporting positive EBITDA of $261K for Q315; however, we caution that our EBITDA forecast could prove high where Snipp further invests to build revenues and add clients. **Snipp telegraphed the shift at its AGM where the Company indicated that loyalty and API revenues are expected to be ~40% of H115 revenues in contrast to 2014 where they were 5%.**

Acquisition Profile: Its first acquisition, Swiss Post's loyalty group, is expected to bring up to ~$1.5M of revenues, proven technology, and a second lead product to its arsenal in North America. In what should serve as a template for future deals, the acquisition was secured with an initial payment of ~US$260K plus an earn-out capped at ~US$920K with achievement of the ~US$1.3M revenue threshold. Furthermore, the acquisition brought a critical beachhead to expand into Europe.

We expect further international traction exiting the year. According to ZenithOptimedia (AdAge Dec. 08/2014), the US and Europe are home to 42 and 35 of the top 100 advertisers (Asia is at 23), respectively, who collectively represent ~25% of the advertising market. The group allows Snipp to aggressively pursue the loyalty market put at roughly $100B (source: Aima). The US loyalty market is put at just over half of the global market with aggressive growth expectations at up to 20%. Furthermore, the loyalty sectors' overall growth masks the underlying opportunity afforded by its digitally induced, velocity of change.

Snipp's second acquisition, Hip Digital, was announced with its Q115 results. The acquisition of Hip for US$8.5M fits the discipline of acquiring a technology rich digital promotions business for shares with earn-out provisions. Hip brings a strong roster of clients and is expected to generate 2016 revenues/EBITDA of $10M/$2M making the acquisition net income accretive. Hip's experience and traction in the redemption line of business will clearly benefit Snipp's own initiatives in that area. The redemption business requires scale and experience challenged by brands looking for fixed pricing or some measure of protection where actual redemption rates exceed forecasts.

Focus on Brands Using Digital, Mobile Platforms: We believe Snipp's focus on brands rather than retailers is a key differentiation and fundamental strength. Snipp's DNA is focused on solving the classic brand fight to bypass the traditional retail gatekeepers and form relationships with consumers. While Snipp does empower a brand to offer retailer specific promotions it also aligns well to the retail segment's needs thus positioning it to become a platform of choice by both retailers and brands alike.

The strategy to provide direct brand to consumer relationships differs from efforts of others in the past who have worked to gain access to point of sale (POS) terminals and draw on retailer data. Providing brands with direct access to shoppers and full data analytics represents Snipp's core DNA.

The Company's strategic focus on the digital, and more specifically mobile connection with the consumer purchase, is ideally positioned at the focal point of the advertising funnel (see Appendix 6, page 41) often defined as shopper marketing services. The consumer focus and brand to consumer connection is critical to the data driven growth ambitions. **Brand and agency demand for the services alike is clearly evident in the Company's success to date, driving revenues almost exclusively from inbound leads following client referrals, trade shows, trade journals and thought pieces that have led to positive industry reviews.**

Chief Marketing Officers (CMOs) to trump Chief Investment Officers (CIOs) on Technology Spend by 2017 (Gartner Group)**: We believe that the bullish view for marketing technology platforms such as Snipp was well captured in the June 6th TechCrunch report by Ben Maitland as follows.**

> *"Marketing is rapidly becoming one of the most technology-dependent functions in business," a CTO and marketing analyst for Gartner wrote in a Harvard Business Review article titled The Rise of the Chief Marketing Technologist. In the most recent Accenture CMO Insights survey, 78 percent of marketers said they believe marketing will undergo a "fundamental" change over the next five years, becoming significantly more focused on technology. And for the past few years, marketers have come to accept as gospel, the Gartner prediction that CMOs will outspend CIOs on technology by 2017.*

Huge, Growing, Transforming Market: As noted, Snipp initially focused on the promo marketing segment put at $100+B (source: IBIS World, Institute of Promotional Marketing) then added the loyalty market similarly put at $100B (source: Aimia). The end game expands to $800+B, including the $600B global advertising market (eMarketer, Dec.2014) where Snipp will take a data analytics empowered approach to disrupting the existing paradigm for media buying and allocation. **The loyalty market has historically been sized only for the traditional point of sale (POS) market.** The direct consumer connection enabled by Snipp's mobile consumer connection should support significant growth in the market category.

As noted, the US loyalty rewards market is estimated at $12B in retail, **while including credit/bank rewards and travel/hospitality multiplies the addressable market by a factor of 4x (source: Quora). We highlight that the financial and travel/hospitality sectors are leaders in the loyalty market as they enjoy direct access to consumer data through billings. Snipp's direct to consumer connection now extends the same information to the consumer goods category.**

Mobile Focused: Snipp's strength in mobile applications plays directly into the growth of online advertising spending on consumer packaged goods where expenditures are estimated to have advanced from $3.48B in 2013 by 14% to $3.97B in 2014 with growth at ~10% or $400M in 2015 and 2016 (Statistica). Furthermore, shifting sands within the loyalty and promotions markets leaves a window for a new entrant such as Snipp to quickly gain share with leading edge services. **Furthermore, the moves to digital and in turn mobile have increased the velocity of adoption and client turnover — both great pre-conditions for a new entrant. The mobile connection is critical given the growth restraints imposed by past usage of POS systems.**

Integrating Snipp's receipt recognition technology with its acquired loyalty platform will allow the company to attack the under-developed loyalty market for consumer brands and CPGs who have historically found loyalty programs to be a challenge due to the difficulty and/or expense of validating purchase information. Snipp's integration solves the issue. The first evidence rests with the recently announced Kelloggs contract that serves to demonstrate Snipp's new integrated capabilities.

Hitting Above its Weight Category: For its early stage of development, Snipp's list of clients is a strong reference: Snipp has successfully run programs for leading brands including Kraft (KRFT-US, NR), Johnson & Johnson (JNJ-US, NR), Clorox (CLX-US, NR), Walmart (WMT-US, NR), and L'Oreal (OR-FR, NR). **It deserves highlighting that these have been inbound leads. The Company estimates that its business with each client represents less than 5% of the potential business with its existing business leaving significant upside with established clients in addition to new client relationships. Snipp noted that although Hip Digital has completed over 3,000 promotions it estimated its client overlap at a very modest 10%.**

Acquisition Potential: A large part of our thesis rests on the view that Snipp will successfully acquire complementary and accretive targets. The Swiss Post loyalty business is the first evidence of management's ability to make and integrate strategic, accretive acquisitions. We see the loyalty product suite as a key product within N. America while the unit represents a strong beachhead for European expansion. We view the integration of the loyalty platform onto Snipp's within two months as a strong reflection of its cloud-based SaaS modularity. With Snipp valued against revenues and longer-term DCFs, we believe the Company will be able to make accretive acquisitions. We believe that management will continue to align itself with the interests of acquired companies with acquisition funding including shares and earn-out provisions. The profile of Hip Digital and the structure of the acquisition are a critical second data point in support of Snipp's acquisition discipline.

Sector Consolidation – déjà vu? – It has happened before and the fractured industry structure, growth dynamics and digital evolution suggest the pre-conditions for it happening again: The existing advertising agency marketplace saw the WPP (world's largest advertising group [WPP-UK, NR]) and MDC (eighth largest advertising holding company [MDZ.A:TSX, NR]) successfully deploy consolidation strategies that began in the pre-digital market (1985+) where both firms advanced from start-up to global scale (WPP mkt capitalization: ~$38B, started 1985; MDZ.A mkt capitalization: ~$1.3B, started 1980). The emergence of digital advertising has spawned a plethora of next generation digital shopper marketing firms that represent an attractive acquisition pool for potential acquirers such as Snipp to successfully deploy consolidation strategies.

We believe Snipp's SaaS platform, cash, access to capital and equity currency leave it well positioned to acquire and roll up companies from a highly fragmented pool of targets. There are many profitable, niche players targeting the same consumer brands who lack the access to capital and platform strengths required for their next prospective stage of growth. We make the optimistic parallel with one of our coverage names, DHX Media (DHX.b:TSX, $9.42, Buy Rated, PT $13) where the Company has effectively layered acquisition growth onto its own double digit organic growth. The Company has been able to acquire private companies on attractive terms where the sellers are looking for ongoing equity leverage empowered by the scale of DHX Media's global platform or where they are looking to exit.

The Acquisition Pool Facts and Figures: According to AlleyWatch, $4.6B was invested in US adTech funding across 682 deals from H211 through H114. Consolidation to date has seen roughly 40 M&A transactions annually amongst many of these same firms (Thomson adTech). Many firms have had three to six years to build and gain sales traction; these VC sponsored investments are in many cases maturing towards the natural VC exit. Furthermore, there is a pool of agencies available for consolidation onto digital platforms. As evidence of the fragmented promotions industry, we note Promo Marketing Magazine listed the top 50 marketing distributors with 11 posting revenues of $100-$350M, 10 - $50-$100M and 17 at $25-$50M.

Building a Protective Moat: We do not rest our thesis on the view that Snipp has unique, patent or patent pending protected technology. We believe others can or will provide similar services, as the component technologies of receipt recognition and ocular technology are not proprietary by themselves. However, we do believe that Snipp currently has an early mover advantage on receipt recognition and loyalty programs. We further recognize the growing advantage of its established track record and account approval with major brands and agencies. **Snipp estimates that it has not yet surpassed 5% penetration of the potential within any of its existing brand clients. The 60+ program wins YTD based on inbound calls sends a loud endorsement to potential clients and investors. The Company indicated at its AGM that it expects to sign 6 – $100K+t contracts during FH115. Snipp further indicated that the due diligence required to gain authorization for a single brand within a CPG company can take up to one year. However, once approved by the CPG company, Snipp can actively market itself to other brands. While CPG companies are likely to favour split-sourcing, they will likely limit the number of approved vendors.**

The Company's technology modules have been fully integrated. Its data analytics/dashboards have reference accounts and the practical challenges of retailer coding (SKUs vary by retailer) and consumer protection (age restrictions, geo-blocking) have been addressed. Furthermore, the product suite seen to date by N. American clients has been transformed over the most recent quarter with the integration of loyalty program services acquired with the Swiss Post loyalty unit and integrated within two quarters. Snipp has successfully integrated the loyalty platform onto its own SaaS platform with the supporting background analytics. With each program, Snipp enriches its data capabilities and analytics with reference benchmarking for brand managers and agencies. This is a critical part of Snipp building a competitive moat as an early mover in the receipt recognition and loyalty market.

Financial Perspective: Snipp reported Q115 revenues/EBITDA of \$3.8M/-\$1.2M following a blockbuster Q414 with revenue/EBITDA at \$2.0M/-\$2.75M. We believe Q414 and Q115 benefited from redemption revenues of ~\$1.75M and ~\$2.7M, respectively, as Snipp moved aggressively opening doors with fixed budget redemption programs. These programs are low margin; however, the programs are typically associated with higher margin campaign revenues. We believe these campaigns secured new clients and built Snipp's industry profile. **We look for Q215 revenues at \$2.7M with redemption revenues held back to below \$1M but with campaign revenues roughly doubling from Q115 to reach \$1.6M. The shift to campaign revenues could see the EBITDA drain reduced from \$1.2M for Q115 to a drain of \$112K including one-time acquisition related costs from Hip Digital that we put at ~\$275K. We have Snipp reporting positive EBITDA of ~\$261K for Q315.**

As of the end of Q115, Snipp reported cash of \$9.6M against \$1.0M due to related parties and Swiss Post and no outstanding debt following the proceeds from its \$12.3M Feb. 4th equity issue (\$0.55 per unit – one common share, one-half share purchase warrant exercisable at US\$0.63 for 24 months). We look for full year 2015 revenue/EBITDA of \$15.5/-\$686k with Snipp forecast to turn EBITDA positive on a reported basis for Q315 (Q215 excluding one-time expenses). **We could be aggressive on our forecast; however, we see Snipp achieving campaign revenues of \$1.6M for Q215 ahead from \$850K for Q115 and at that level Snipp has the cost structure to report an EBITDA positive quarter barring accelerated new product development spending to seize an opportunity or as is the case for Q215, upfront costs associated with acquisitions.** Given the current pacing and product suite, we believe the Company turns EBITDA positive once campaign and loyalty revenues exceed a quarterly run rate of ~\$1.2M-\$1.4M (excluding Hip Digital).

Contract Momentum: Snipp exited 2014 on a high note signing a three-year master services agreement (MSA) with a marquee N. American food and beverage company. As noted, **Snipp has announced 60+ new programs YTD.** Furthermore, the Company has signed six new vendor approvals including signed MSA agreements with Kellogg Company (K-US, NR) on Feb. 17/15 and a three-year MSA with a "leading organic baby and kids food products company" (owned by a larger food and beverage company). **If each program represents on average \$30K+ (as presented in the AGM slides) the announced wins would represent booked campaign revenues of ~\$1.8M+ within the first six months of the year**. These campaigns would generally be expected to run within three to four months of their signing.

Redemption revenues associated with promotional campaigns can be highly variable (aka Q414 \$1.75M, Q115 \$2.7M) with relatively modest pass-through margins. While redemption revenues do not offer the full scale margin expansion associated with campaigns for loyalty programs, they bring campaign revenues and represent a growing competitive moat against smaller would-be competitors lacking the scale and experience with redemption programs. As an example, a brand manager may execute a fixed budget redemption program with implied redemption/drawdown rates where the program provider takes on the potential for over/under drawdown redemption rates. These drawdown rates can vary significantly with the nature of the redemption. Redemption insurance is available through insurance firms such as Lloyds of London Insurance (Private). However, this speaks to the complications behind "simple" redemption programs. We note that Snipp also provides redemption programs where the payment is variable linked to actual redemption rates. These programs can prove to be a challenge to the brand manager facing a fixed budget. However, there are middle grounds with threshold payments and through limiting payments to the first number of redemptions. Furthermore, the acquisition of Hip brings a team with experience and scale with fixed budget redemption programs that can benefit Snipp's rewards and redemptions business.

Snipp noted at its AGM that the average campaign size YTD has advanced to \$30K from \$25K in 2014 and \$8K in 2013 and in turn the average deal size has increased by 30% for Q215 over Q115. Snipp noted that it expects to record six \$100K+ contracts within H115. Snipp indicated that in 2014, 95% of revenues were derived from promotions. For H115, Snipp expects loyalty and API revenue to represent ~40%, marking a dramatic shift from its 5% of revenues in 2014. The shift reflects both the growth of campaign and loyalty revenues together with a more conservative stance towards redemption programs beginning with Q215.

Valuation: The current enterprise capitalization at $68.5M against forecast 2015 revenues at $15.5M clearly reflects aggressive growth expectations that are best captured by DCF valuations. We approach the challenge of valuing Snipp by assigning a valuation against its organic growth potential under our downside, target, and upside scenarios. Our organic growth target scenario supports a target DCF valuation of $0.90/shr based on a discount rate of 17% and terminal multiple of 9x EV/EBITDA with year 5 revenues/EBITDA of $40.3/$10.4M. Our upside and downside organic scenarios support DCF targets of $1.24/$0.28 based on five-year revenues/EBITDA of $44.8/$13.9M and $31.5/$2.6M, respectively. Below, we highlight our DCF sensitivity across three scenarios of organic growth. Page 21 provides further details while Appendix 6 presents the supporting assumptions behind each scenario.

We then take our target scenario and apply moderate and aggressive acquisition scenarios to determine parameters on the value creation we envision for Snipp. The potential to add value through acquisitions is a critical component of our bullish thesis. Our three acquisition scenarios highlight the accretive DCF impact of acquisitions pacing at $10M and $20M per year based on 50/50 debt/equity financing of deals.

Exhibit 1 – Organic Growth Sensitivity (SUS)

Organic Growth Sensitivity:	Downside	Target	Upside
Snapshot 2020			
Revenues $M	$31.5	$40.3	$44.8
2015-2020 Cagr	16.9%	21.1%	23.3%
EBITDA	$2.1	$9.9	$13.3
Cagr	nm	nm	nm
Margin	6.6%	24.4%	29.7%
Net Income	$2.1	$10.2	$13.8
Cash	$20.2	$46.6	$55.9
Debt	$0.1	$0.1	$0.1
FCF 2020	$2.2	$10.1	$13.6
Cumulative	$3.5	$29.4	$38.7
DCF - (discount rate, terminal EV/EBITDA)			
17%, 9x's	$0.28	$0.90	$1.24
+-1% discount	$0.29	$0.92	$1.26
+- 1 multiple	$0.27	$0.85	$1.16

Source: Euro Pacific estimates.

Acquisition Potential: Below, we run through our base, expected, and aggressive acquisition scenarios where we have Snipp spending $10/$20M annually to acquire targets at 1.25 and 1.75x revenue or 6.3/8.8x EBITDA based on a 20% EBITDA margin. For simplicity, we assumed the acquired companies grow revenues at 7%/9% annually.

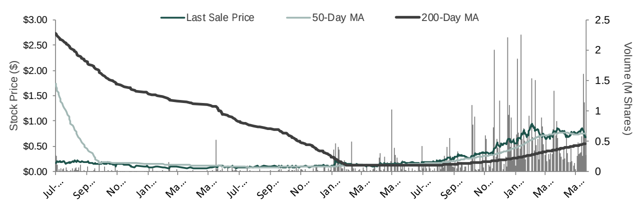
Exhibit 2 – Acquisition Sensitivity ($US)

Acquisition Sensitivity:	Base Case	Moderate Acquisition	Aggressive Acquisition
Snapshot 2020			
Revenues	$40.3	$97.8	$160.0
2015-2020 Cagr	21.1%	44.6%	59.5%
EBITDA	$9.9	$21.4	$33.8
Cagr	nm	nm	nm
Margin	24.4%	53.0%	83.8%
Net Income	$10.2	$5.3	-$3.5
Cash	$46.6	$28.7	-$0.9
Debt	$0.1	$31.4	$87.6
FCF 2020	$10.1	$20.4	$31.6
Cumulative	$29.4	$59.1	$90.4
DCF - (discount rate, terminal EV/EBITDA)			
17%, 9x's	$0.90	$1.32	$1.45
+-1% discount	$0.92	$1.36	$1.49
+- 1 multiple	$0.85	$1.23	$1.34

Source: Euro Pacific estimates.

Snipp Interactive Inc. (SPN-T, $0.68) - Data Sheet

SPEC. BUY | PT: $1.00



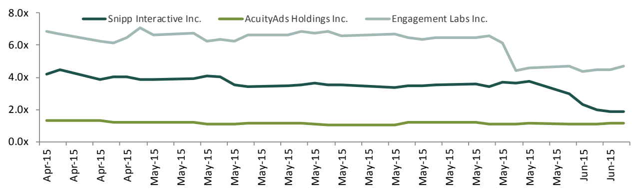
Company Description

Snipp Interactive offers solutions for audience management, loyalty programmes and data analysis in the digital advertising and marketing arenas. The Company sells mobile-based marketing solutions and campaign services to agencies, brands and related marketing and promotions agencies. It also provides solutions for running end-to-end loyalty programs.

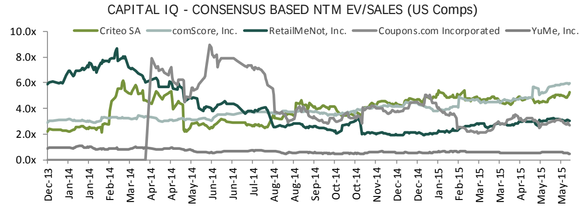
Consensus	3 Mths Ago	Current	Return
Rating:	NA	NA	
Target:	NA	NA	NA
Median:	NA	NA	NA
High:	NA	NA	NA
Low:	NA	$1.99	NA
Consensus Distribution			
Sector Outperform/Buy		1	
Sector Perform/Hold		0	
Sector Underperform/Sell		0	
# Est		1	

Historical Valuations

CAPITAL IQ - CONSENSUS BASED NTM EV/Sales (Canadian Comps)



CAPITAL IQ - CONSENSUS BASED NTM EV/SALES (US Comps)



Key Financial Metrics

Financial Summary ($M)	2014	Q115	Q215E	Q315E	Q415E	2015E	2016E	2017E	2018E
Consolidated									
Revenue	3.56	3.71	2.73	4.38	4.69	15.50	25.23	25.63	30.68
Growth y/y	*309.2%*	*961.6%*	*560.6%*	*449.6%*	*134.0%*	*335.1%*	*62.8%*	*1.6%*	*19.7%*
EBITDA	(3.10)	(1.23)	(0.11)	0.26	0.40	(0.69)	3.39	3.03	5.25
Growth y/y	*295.6%*	*623.7%*	*-42.2%*	*1875.3%*	*-114.5%*	*-77.9%*	*-594.0%*	*-10.6%*	*73.3%*
Margin	*-87.0%*	*-33.3%*	*-4.1%*	*6.0%*	*8.5%*	*-4.4%*	*13.4%*	*11.8%*	*17.1%*
Flow-Through	*-86.0%*	*-31.7%*	*3.5%*	*6.9%*	*117.3%*	*20.2%*	*41.9%*	*-89.2%*	*44.0%*
EPS	($0.07)	($0.00)	($0.00)	$0.00	($0.01)	($0.01)	$0.04	$0.03	$0.06
Growth y/y	*7649.1%*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*70.0%*
Cash	1.53	9.58	8.61	9.44	10.20	10.25	14.47	18.86	25.58
Net Debt (Cash)	(1.13)	(9.44)	(8.46)	(9.29)	(10.06)	(10.11)	(14.33)	(18.71)	(25.44)

Key Statistics	Value	
52-Week High	$0.99	46%
52-Week Low	$0.15	(78%)
Avg Vol (3-Mo)	359	
Shares Outstanding	89	
Market Cap	60	
Net Debt	-12	
Enterprise Value	49	
Div Yield	0.0%	
FYE	Dec 31	
Employees	N/A	

Operating/Segmented Summary ($M)	2014	Q115	Q215E	Q315E	Q415E	2015E	2016E	2017E	2018E
Campaign Revenue	1.62	0.85	1.61	1.48	1.47	5.40	8.36	10.51	13.66
Growth y/y	*86.4%*	*144.0%*	*330.0%*	*128.5%*	*478.9%*	*232.9%*	*54.9%*	*25.7%*	*30.0%*
Redemption Revenue	1.94	2.70	0.95	2.40	2.60	8.65	14.32	11.94	13.13
Growth y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*35.0%*	*35.0%*	*35.0%*	*0.0%*
Other Revenue, Loyalty	0.00	0.15	0.18	0.50	0.62	1.45	2.55	3.18	3.88
Growth y/y	*NM*	*NM*	*NM*	*NM*	*NM*	*0.0%*	*25.0%*	*25.0%*	*22.0%*
Operating Costs									
Salaries and Cpmpensation	1.57	0.73	0.76	1.34	1.35	4.17	6.53	7.58	8.56
Growth y/y	*43.3%*	*104.6%*	*108.0%*	*178.0%*	*32.0%*	*165.1%*	*23.0%*	*16.0%*	*13.0%*
General and Administration	0.14	0.14	0.15	0.70	0.70	1.69	3.24	3.69	4.21
Growth y/y	*70.5%*	*400.9%*	*360.0%*	*350.0%*	*230.0%*	*18.0%*	*17.0%*	*14.0%*	*14.0%*
Communications Infrastructure	2.43	3.56	1.14	1.70	1.85	8.24	9.55	8.61	9.63
Growth y/y	*1926.3%*	*10607.9%*	*1596.7%*	*700.3%*	*-12.6%*	*239.1%*	*15.9%*	*-9.9%*	*12.0%*
Software Development	*17.0%*	*3.9%*	*4.4%*	*4.8%*	*5.3%*	*18.4%*	*21.1%*	*23.8%*	*26.2%*
Growth y/y	*67.2%*	*43.7%*	*40.0%*	*-2.0%*	*-15.0%*	*108.2%*	*15.0%*	*12.5%*	*10.0%*
Professional Fees	0.1	0.1	0.4	0.0	0.0	0.5	0.7	0.7	0.8
Marketing Expenses	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2

Top Inst. Ownership	M Shares	Δ 6 Mnths	% Held
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

Valuation	F2015E	F2016E	F2017E
Revenue	15.5	25.2	25.6
EBITDA	(0.7)	3.4	3.0
Depreciation	(0.1)	(0.1)	(0.2)
Capex	0.0	0.2	0.1
Discretionary CF	(1.0)	4.0	3.1
Discount Rate		17.00%	
Terminal EBITDA Multiple		9.00x	
		Current	**1-Yr TGT**
Terminal Value PV		43.3	50.7
Equity Value		76.9	90.3
DCF Value		0.9	0.9

Comparables

Comparables and Peer Analysis	Price	Target	Return	Return 1 Week	1 Month	3 Month	YTD	1 Year	Revenue F2015E	F2016E	EBITDA F2015E	F2016E	EPS F2015E	F2016E
Snipp	**$0.68**	**$1.00**	**47.1%**	**(13.9%)**	**(9.3%)**	**(2.9%)**	**11.5%**	**267.6%**	**15**	**25**	**-1**	**3**	**($0.01)**	**$0.04**
Slyce Inc.	$0.53	$1.40	164.2%	1.9%	7.1%	(18.5%)	(40.4%)	NA	6	19	-5	6	($0.04)	$0.04
Engagement Labs Inc.	$0.54	$1.05	55.5%	-	(1.8%)	3.8%	14.9%	(5.3%)	4	6	-5	-4	($0.15)	($0.10)
AcuityAds Holdings Inc.	$0.77	$1.70	120.8%	4.1%	(13.5%)	(14.4%)	24.2%	NA	18	22	-2	-1	($0.16)	($0.11)
Intema Solutions Inc.	$0.12	N/A	NA	-	(32.4%)	(14.8%)	43.8%	283.3%	NA	NA	NA	NA	NA	NA
SoMedia Networks, Inc.	$0.28	N/A	NA	3.8%	(3.5%)	(5.2%)	89.7%	83.3%	1	2	-4	-5	($0.16)	($0.21)
3TL Technologies Corp.	$0.20	N/A	NA	8.1%	(4.8%)	5.3%	(48.7%)	NA	NA	NA	NA	NA	NA	NA
Aimia Inc.	$14.60	$14.62	5.3%	(0.7%)	9.2%	11.5%	(0.1%)	(25.4%)	2,570	2,661	234	265	$0.77	$1.12
Criteo SA	$63.51	$69.22	(2.0%)	9.1%	12.6%	25.5%	26.1%	60.5%	461	585	119	172	$1.05	$1.46
comScore, Inc.	$71.86	$76.46	6.4%	1.0%	15.3%	16.8%	24.2%	72.9%	374	434	91	111	$1.65	$1.94
RetailMeNot, Inc.	$25.03	$31.16	24.5%	(0.6%)	0.1%	17.3%	37.3%	(18.8%)	281	317	97	115	$1.02	$1.12
Coupons.com Incorporated	$14.63	$15.27	4.3%	(2.7%)	(1.3%)	21.0%	(33.9%)	(57.0%)	270	329	37	64	$0.26	$0.45
YuMe, Inc.	$5.37	$8.15	51.8%	(3.4%)	(13.8%)	(21.6%)	(14.5%)	(15.8%)	200	222	2	11	($0.28)	($0.19)
ReachLocal, Inc.	$4.09	$4.24	3.7%	13.9%	20.1%	9.0%	(4.7%)	(49.1%)	406	425	-3	12	($0.84)	($0.36)
Mobiquity Technologies, Inc.	$0.36	N/A	NA	9.4%	(6.5%)	27.0%	(12.1%)	(35.6%)	NA	NA	NA	NA	NA	NA
Tremor Video, Inc.	$3.74	$5.61	50.0%	4.5%	18.6%	28.8%	4.5%	(25.7%)	196	234	-5	3	($0.25)	($0.09)
Peer Average			**43.4%**	**3.1%**	**(0.9%)**	**4.5%**	**7.6%**	**26.6%**						

Comparables and Peer Analysis	Enterprise Value	FCF Yield F2015E	F2016E	EV/EBITDA C2015	C2016E	C2017E	EV/EBITDA - Target C2015	C2016E	C2017E	P/E C2015	C2016E	C2017E	EV/Sales C2014	C2015E	C2016E
Snipp	**70**	**NA**	**NA**	**NM**	**13.8x**	**14.2x**	**NM**	**22.3x**	**23.7x**	**NM**	**18.5x**	**20.9x**	**11.8x**	**3.2x**	**1.8x**
Slyce Inc.	64	(8.2%)	7.4%	NM	9.5x	NA	NM	27.6x	NA	NM	11.4x	NA	NA	11.4x	3.6x
Engagement Labs Inc.	13	(28.3%)	(17.9%)	NM	NM	NA	NM	NM	NA	NM	NM	NA	5.6x	NA	NA
AcuityAds Holdings Inc.	17	(21.6%)	(17.9%)	NM	NM	43.4x	NM	NM	NA	NM	NM	NM	1.4x	1.2x	0.9x
Intema Solutions Inc.	8	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	3.5x	NA	NA
SoMedia Networks, Inc.	11	(48.1%)	(55.7%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	25.8x	18.1x	12.2x
3TL Technologies Corp.	12	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Aimia Inc.	2,391	7.8%	9.8%	13.8x	NA	NA	13.8x	NA	NA	18.9x	13.1x	NA	1.0x	1.3x	1.0x
Criteo SA	2,584	2.7%	5.2%	12.2x	8.2x	NA	11.9x	8.0x	NA	48.5x	34.9x	25.5x	3.5x	6.3x	4.8x
comScore, Inc.	2,320	2.7%	3.5%	23.7x	19.5x	NA	25.3x	20.8x	NA	35.0x	29.7x	21.8x	5.9x	5.8x	5.0x
RetailMeNot, Inc.	871	3.9%	4.6%	8.7x	6.8x	5.5x	11.5x	9.2x	7.6x	19.7x	17.9x	14.9x	3.5x	3.0x	2.5x
Coupons.com Incorporated	584	NA	NA	4.3x	0.9x	NA	4.7x	1.1x	NA	46.0x	26.1x	NA	1.9x	1.2x	0.4x
YuMe, Inc.	99	(8.2%)	3.5%	101.0x	NA	NA	158.5x	NA	NA	NM	NA	NA	0.4x	1.0x	1.0x
ReachLocal, Inc.	64	(22.3%)	11.1%	NM	NA	NA	NM	NA	NA	NM	NA	NA	0.1x	NA	NA
Mobiquity Technologies, Inc.	24	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	5.9x	NA	NA
Tremor Video, Inc.	6	(38.8%)	(19.8%)	NM	NA	NA	NM	NA	NA	NM	NM	25.2x	NA	0.3x	0.2x
Peer Average	**994**	**(2.2%)**	**6.3%**	**27.3x**	**8.9x**	**5.5x**	**37.6x**	**9.8x**	**7.6x**	**33.6x**	**24.3x**	**20.7x**	**2.8x**	**3.1x**	**2.4x**

Source: Euro Pacific Canada, Company Reports and Filings, Capital IQ. All figures in USD.

Investment Thesis

We believe the current valuation for Snipp reflects a modest discount to the value of organic growth derived from its SaaS marketing platform and existing product suite. Our bullish view reflects the potential for aggressive upside should management successfully expand its product suite and deploy its disciplined consolidation strategy. We believe the digital marketing sector is poised for consolidation, with a large pool of young firms having gained early digital sales traction now looking for additional capital to fund the next phase of growth. Furthermore, we see established agency firms with longstanding client relationships who are looking to strengthen their digital product suite as attractive targets for Snipp. Consequently, we believe Snipp's modular platform and product suite offer the potential for accretive acquisitions of established companies where the platform provides tangible revenue and expense synergies, and also product oriented firms where the product could be integrated onto the platform much like the Swiss Post acquisition.

The Best Starting Position for a Strategy – Address Your Customers Needs

Historically, retailers have closely guarded their end-user purchase data thus leaving brand managers to sell to retailers who in turn transact with the end-consumer. Snipp's receipt based programs establish a direct end-consumer contact with the brand once the consumer submits a picture of their receipt (texting, online) thereby transferring the full transaction information and certain consumer profile information (associated with the device - privacy protected) directly into the hands of the brand manager. The brand manager then knows who is buying the product, where/when they are buying, and the complementary/associated purchase items. This data can then inform superior marketing programs for the brand manager and in turn provide Snipp with a growing database for benchmarking future programs. Furthermore, going directly to the end-buyer empowers the brand manager to deploy targeted programs where results or program ROI is fully measurable. **Historically, retailers, as the proverbial gatekeepers, have exercised their leverage to negotiate shelf fees, spiffs and often most favoured nation (MFN) provisions that are potentially expensive while limiting the brands' flexibility.** We are aware that some retailers (particularly grocers) will sell category information back to brands; however, this information is typically limited and can be expensive. With receipt driven promotions driving end buyer connections, brands are able to effectively and quickly deploy targeted programs. Furthermore, program economics are much more measurable. We further note that Snipp's promotions are much more readily tailored to specific retailers versus traditional, mass retailer agnostic brand promotions. **Snipp thereby provides brands with a tool to lever stronger retailer relations in an industry where the retailer has historically held the balance of power. As noted, the Snipp product capabilities also align well to the retail segment's needs.**

Expanding the Competitive Moat

The category referencing data and user analytics that Snipp builds with every program it runs, represents an expanding moat against new entrants. While specific data remains the property of each program sponsor (brand), the summary category information can be used by Snipp for benchmarking references to empower brand managers on future campaigns. Scale and experience in the redemption programs can reduce costs and the risk profile associated with redemption programs, where the fixed budget programs can leave redemption overages a cost to the firm in cases where insurance has not been available or used. A brand manager looking to use Snipp for a program must typically gain internal approval before engaging the Company. The level of due diligence varies with each brand managers' corporation but as noted can take up to a year. We expect brands will look to split source their receipt based promotions as a general practice. However, being first in with a brand represents key beachhead real estate for further penetration with the corporates' other brands or at the agency level across their other clients. **Snipp has indicated that it believes it hasn't surpassed 5% penetration of the brands at any client to date leaving significant upside room for dealing with an established relationship.**

Snipp's competitive moat includes its access to all of the major telecom providers and online payment. Brand managers looking to extend a program across multiple retailers need to have the SKUs for those retailers mapped into the data base in order to extract the data from the receipts.

Addressable Market is Huge, Growing and Transforming: Snipp's product suite and platform delivery is targeted for direct sales to brand managers and agencies on either a program basis or subscription SaaS model. Snipp has provided white label products for coupon companies including RetailMeNot (SALE-US, NR) and Catalina (Private). The receipt driven promotions and loyalty programs are focused on capturing growth in the mobile digital advertising market with a product suite targeted to the consumer promotions market and product loyalty markets. The overall growth of the markets together with the pace of technological change improves the prospects for next generation technology enabled marketing firms with momentum to gain share. We believe Snipp will effectively execute on its organic growth potential and its strategic plan to add functionality and scale through acquisitions. **We are bullish on Snipp's positioning as the consumer purchase and loyalty markets represent the higher growth, higher margin point in the advertising funnel**. Traction in these areas offers the ability to acquire up the funnel towards more traditional agencies. The products and their distribution are moving to digital while the consumer access device has increasingly gone mobile. **These dimensions multiple distribution support a changing of the guard within a growing market.**

Acquisition Potential: The product suite and platform advantages are expected to allow the Company to successfully scale revenues through accretive acquisitions. Financial accretion rests on valuation terms and the ability to expand revenues of the acquired companies by integrating Snipp's product suite together with its ability to reduce the acquired company's internal costs or where it outsources to third parties such as Snipp. The Company's white label services doubles as a lead generator for prospective acquisition or merger candidates.

As noted, the existing advertising agency marketplace saw WPP and MDC successfully deploy consolidation strategies in the pre-digital market. The emergence of digital advertising has spawned a plethora of digital, loyalty and promotions based firms that we see as an attractive acquisition pool for Snipp (and others) to emerge as a digital/mobile generation consolidator. The Swiss Post loyalty business is the first evidence of management's ability to make strategic, accretive acquisitions and then integrate. We see the loyalty product suite as a key product within N. America while the unit represents a strong beachhead for European expansion. The loyalty market serving brands is consistent with Snipp's strength connecting brands to end consumers. The Hip Digital acquisition is consistent with Snipp's focus on promotions and the deal structure in line with Snipp's disciplined model that features earn-outs, stock and accretive valuation.

From a capital markets perspective, with Snipp valued against revenues and longer-term DCFs, we believe the Company will be able to make valuation accretive acquisitions.

Business Evolution: Snipp has historically stated that it is currently targeting an ~$80+B market with plans to attack the global ~$800B marketing of advertising and related promotions and loyalty markets.

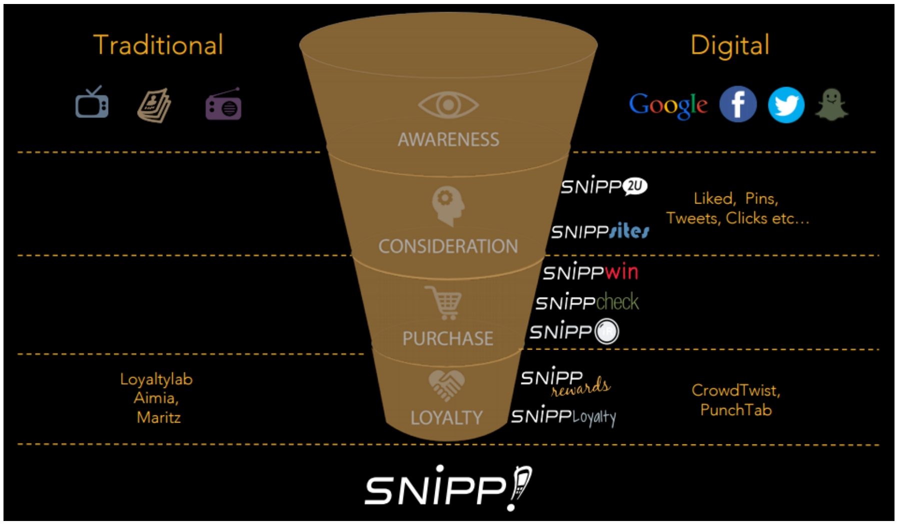
Snipp's existing products drive revenues through brand and agency campaign fees, license fees through both white labelling and MSAs, consumer response based per Snipp fees, reward acquisition fees and project fees. These existing businesses offer attractive organic and acquisition driven growth opportunities. Looking further ahead, Snipp has identified future revenue models based on platform integration fees (SaaS type margins), custom data analysis fees, media acquisition and placement services, strategic consulting and data analytics. By expanding its breadth of products and achieving scale, Snipp's platform efficiencies will reinforce its potential as a SaaS while the ongoing accumulation of campaign data provides Snipp with the potential to secure high margin advertising/campaign consulting services.

While the area of data analytics to date has focused largely on linear regression models within a category that can address issues of frequency (capping), time of date, geo-locating and cache aging to name a few, the next wave of value-add analytics is likely to involve cross-platform data analysis. At this point, the concentration of the web-browser and social network ecosystems are likely to leave a window for a non-conflicted independent advisor.

What Snipp Delivers – Snipp's Main Products/Solutions

Bottom of the Funnel but Top of the Rankings for ROI: Snipp's products are focused on building consumer brand/product consideration, purchase and post purchase loyalty through redemptions and loyalty programs. Below, we present Snipp's take on the traditional consumer marketing funnel. Marketers are increasingly trying to move down the funnel closer to the purchase.

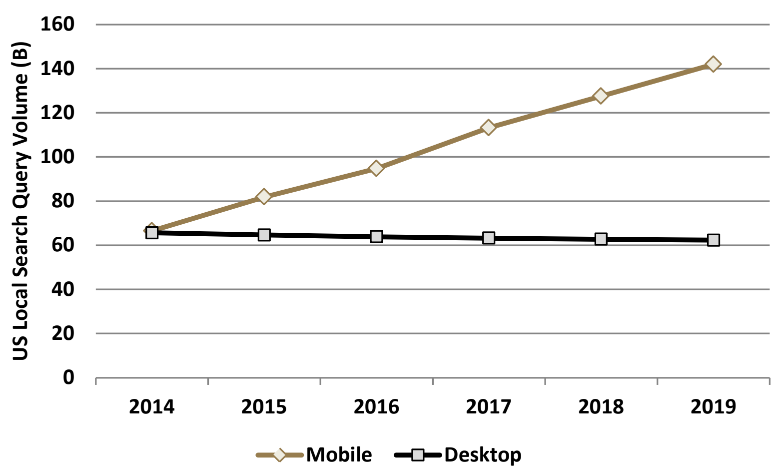
Exhibit 3 – Consumer Marketing Funnel



Source: Snipp AGM presentation, June 2015

Mobile Focused: Snipp's product focus on mobile interaction is clearly consistent with mobile search queries moving from the desktop to mobile as depicted below. Snipp's image recognition technology and redemption services are both very much mobile oriented.

Exhibit 4 – US Local Search Query Volume ($B), Mobile vs. Desktop, 2014-2015



Source: BIA/Kelsey as sited in big company blog, May 14, 2015

1. **Snipp2U – Messaging and Response:** Integration with the major N. American telecom carriers and "most" Tier 2 carriers is a starting point to providing mobile services. This can go directly to the brands, agencies or on a white label service. Key attributes are the full inbound/outbound MMS capability and full mobile video, audio or image transmission through streaming or MMS. The programs can also have geo-locations for targeting or geo-fencing to restrict usage zones. These capabilities are critical for liquor programs and region-specific programs. For example, Snipp has posted Skinnygirl Cocktails and Pinnacle Vodka as clients. Mary Kay (Private) ran a program across seven different Meredith magazines where readers texted a designated keyword. If the text was one

of the first 5,000 registrants per magazine they texted back with a link where upon filling in additional information and opting in for future communications they received the sample product. Within two weeks, the program hit its ceiling of 35,000 responses. ***We note that contests or redemptions where the number of recipients is capped are a means to provide the brand manager a fixed budget without the provider taking on any overage risk.***

2. **Snippsites – Microsites & Mobile/Social Apps:** Snipp provides a turnkey solution capability with its ability to create campaign specific microsites (HTML5, responsive) for B2B and B2C purposes. The sites can then link into social media promotions that allow a brand to build an ongoing relationship with the consumer and turn the participant into a "brand ambassador" by reaching out across their own social network. These services would typically be used to complement platform services. Snipp has been involved in sweepstake, loyalty and rebate programs.

3. **SnippWin – Promotions and Contests:** Snipp provides brand managers or agencies a turnkey contest platform with a range of mobile-based contests such as sweepstakes or instant win programs up to more advanced tiered, multi-level games. Coupons can be distributed through coupon codes to mobile coupons as well as the traditional mailing coupons where Snipp has integrated with Coupons.com as a third-party vendor. The behind the scenes complexities can include systems to block fraud through repeat submissions (cross-referencing checks), geography/age blocking where necessary (think alcohol and age limits), or retailer exclusivity (where one retailer has the exclusive promotional rights). These programs have been deployed within 48 hours of engagement. The turnaround window is a huge draw for brand managers forced to respond to competitor moves. Historically, response times were restricted by the brand manager's ability to either work through the retailer and/or implement product pricing or packaging changes. Snipp has the capability of linking the promotions by adding on social networking.

4. **SnippCheck (launched Feb. 2013) – Receipt Processing/Purchase Validation: The SnippCheck product has been a key differentiator for the Company in the market. The product has formed relationships that can then open the door to adding further products such as loyalty services.** Furthermore, gaining access to a CPG for one brand manager gives Snipp greater access across brands within a CPG. SnippCheck mobile uses consumers' purchase receipts to enable brands to engage customers in purchase-based promotions. These programs do not face the legacy challenges of gaining POS access across retailers and do not require the user to install an application. The service needs the flexibility to support a range of qualification/eligibility criteria as given by the brand and must work across all approved retailers (or alternatively block specific retailers for exclusivity) and all android and iOS (plus Blackberry) devices. Consumers take a picture of their receipt or the promotional code and enter it via text or online. The receipt recognition capability isn't proprietary but it takes considerable effort/time to work through challenges that include setting acceptance thresholds for automated review (pictures are often a challenge and acceptance rates of 80%+ are an achievement), developing a database of retailer coding (SKUs) as retailers (Snipp has 1,200+ retailer mappings) use different codes, and setting up database cross-referencing to capture multiple receipt submissions. ***Others will enter this market, however, conversations at the brand manager level and agency level support Snipp's early mover advantage.*** The potential cost of errors is relatively high, thus established providers with turnkey solutions have a clear advantage. The receipt recognition and processing is a key strength offering both improved consumer profiling information and in avoiding errors (duplication etc.). ***Furthermore, the category indexing capabilities that Snipp can provide to the client represent an increasing advantage/point of differentiation.***

5. **SnippIR – Image Recognition (IR) Platform:** The Company's client materials highlights that it has "licensed and improved upon technology used by NASA for visual and image search". This positioning is given greater traction by the founder, Chief Technology Officer, Andy Bell's past serving in the US Marines and the US government contractor Science Applications International Corporation (SAIC). The IR functionality extends across product packaging, logos, and ads/marketing coupons through selfies. We are aware of other companies with IR capabilities, but, we do not view the IR as proprietary. However, Snipp is clearly at the leading edge with a growing list of programs as testimonials.

6. **SnippRewards – Rewards and Incentives Platform:** Snipp has the ability to integrate with digital rewards programs, discount coupons, gift cards, movie tickets, or restaurant vouchers. Snipp's platform allows end-customers to register for rebates via mobile devices and receive their reward, rebate or incentive electronically. We track the process flow on page 13. The mobile and online interaction lowers processing costs (Snipp is directly connected to prepaid credit cards Visa (V-US, NR)/MasterCard (MA-US,NR), PayPal (EBAY-US,NR), Google Wallet (GOOGL-US, NR), Digital Credit Card, Retailer Gift Cards, Digital Coupons or even check in the mail rebates for old-schoolers!) and provides the brand with full purchase information (what, where, when, with what other products) while the consumer enjoys a better experience.

   The rebate solution traction was most evident in Q414 and Q115 revenues, as rebates are recorded as revenues with offsetting costs. We estimate that redemption programs were $1.75M/$2.7M against total revenues of $2.0M/$3.7M for Q414 and Q115, respectively. These programs can see the brand manager specify a total budget for redemptions. Snipp aggressively pursued business in the two quarters taking on a heavier mix of fixed budget programs than it has historically or than it plans to on an ongoing basis. The aggressive moves were designed to gain access to new accounts, promote the higher margin campaign business that can be tagged with the redemptions and to gain experience. The brand managers' desire to set limits on redemption values represents a further challenge to new entrants as redemption rates are variable with a broad range well beyond outside of a 5-20% range depending on program specifics and types. Established providers such as Snipp have the ability to in turn cap their own exposure by purchasing insurance from someone such as Lloyds of London Insurance. Scale represents an effective competitive moat. We understand Hip Digital has successfully run redemption programs with attractive margins.

   The market response to the Q215 results served to highlight our view that investors have not fully appreciated either the scale nor strategy behind Snipp's redemption services. We look for redemption revenues in Q215 to be pulled back towards our forecast of $950K as Snipp prioritizes variable payout programs with higher margins. The redemption business will continue to be volatile impacting revenue growth and margins. The business will likely on occasion be used to win redemption contracts where higher margin agency business is pulled along. We ascribe further value to these revenues as a competitive moat against other firms who are unable to offer the product. Programs have been run with Kingsford through Wal-Mart or names such as Gerber, Smirnoff (alcohol related can require age certification compared to a program such as the Gerber rewards program where the issue of age sensitivity differs), Honda or Mars.

7. **SnippLoyalty (launched 2014) - Loyalty Programs:** **Snipp's acquisition of Swiss Post's loyalty product and team transformed its product capabilities. The loyalty program has within two months of the acquisition been pre-integrated with the SnippCheck receipt recognition processing solutions. The ability to integrate the product onto the Snipp platform is evidence of the functioning modality of its platform. Snipp has announced a program win with Kelloggs featuring its new, integrated loyalty capabilities.** With the just introduced ability to offer its in-house loyalty products, Snipp will accelerate its ability to go one level further by engaging users in social media based product referencing in return for rewards. Snipp's white-label loyalty engine now allows clients to offer loyalty programs ranging from the traditional punch/stamp card programs to sophisticated online loyalty points programs. Appendix Two highlights both the overall growth of loyalty markets and the velocity of change within the market.

8. **Augmented Reality and Apps:** Snipp can produce high-end, customized augmented reality campaigns and apps either on a branded or white label basis. Snipp has successfully run programs for leading brands including Lexus and Monster's Inc. We believe the category is relatively small. However, it serves very specific needs and has positive collateral branding as it showcases Snipp's technology focus. Snipp's ability to offer the high end product is a positive reflection on its component capabilities (image recognition, geo-locating) and its integration.

Snipp's Platform – The Value, The Flow

The Value: Snipp's two primary value drivers are the direct to consumer connection that it enables and the ensuing data analytics delivered to the brand manager/agency. By registering directly with buyers, Snipp builds a unique, consumer receipt populated database that can be used to provide clients with category benchmarking analytics that lead to more effective program design and efficiencies. Snipp's data analytics on a customers' program can be used to guide program modifications and measure program ROIs. ***On a longer-term basis, Snipp plans to use its data for media buying and allocation decision making.*** The cumulative information within the database represents an additional barrier to competitors. The program client controls the full data while Snipp retains the data with specific user identifiers replaced by numeric marking. Snipp can then add to a specific file where they participate in future programs; however, the personal identification is replaced by the number reference. Making category benchmark data available to guide media allocations, program design and program reviews is an increasing competitive barrier. Furthermore, with time, the data analytics can evolve into an additional line of business within the more traditional agency model, albeit with new tools.

The Flow: The key consideration in the flow diagram is the direct, two-way communication with the brand and the end consumer without the potential obstruction of a gatekeeper (aka retailer). The order flow begins with a consumer being presented with a promotional message either on the product packaging or on the retail shelf. The consumer texts or emails a campaign keyword to start the process. The next step is to take a picture of the receipt or product packaging and submit either via text, email, mobile web, desktop or in-app. The consumer can then receive a message asking for optional registration associated with the program that will provide the brand with additional information. SnippCheck then validates the purchase, checking for multiple submissions, age or geographic restrictions. The message back to the consumer transmits the specific redemption or in cases may add additional reward options. This last stage is in turn the gateway for Snipp's new loyalty programs.

Exhibit 5 – The Snipp Platform

Source: Snipp Presentation May 2015.

Snipp's Clients

Snipp engages with advertising agencies, brands and related marketing and promotions agencies. To date, clients have been obtained primarily through inbound leads rather than outbound marketing/sales efforts. The differentiated receipt based promotion capabilities have drawn attention through referrals, trade presentations, industry articles and subsequent reviews. Snipp has only recently started to build out its own sales efforts with key leadership hires. Consequently, most efforts are focused on servicing existing clients and inbound inquiries. We see this as strong evidence of the demand for Snipp's services. Furthermore, it highlights the revenue accretion Snipp can bring to prospective acquisitions with established sales networks/contracts. **The established sales team and network of Hip Digital should accelerate the revenue growth. The forecast of $4M/$10M in H214/2015 revenues for Hip Digital does not include anticipated revenue synergies.**

As part of our due diligence, we interviewed at the agency level, brand level, and with an independent industry consultant. Frankly, for a company where sales have been driven by inbound leads, we would have been surprised by anything less than optimistic. That said, we were impressed by the positive enthusiasm expressed for the Snipp products and service. The technology received positive feedback but the more important factor was the quality of Snipp's service delivery and the program's performance.

The most important feedback would include the following:

1. Snipp's receipt recognition programs are highly valued for their ability to circumvent the retailer and form a relationship with the end consumer.
2. Promotional spending provides much richer consumer data and ROI. The ability to link programs with loyalty programs and social networking adds value to each component. More marketing dollars are expected to be invested in promotions.
3. Snipp's strength lies in its ability to provide a turnkey solution with value-add guidance. The individual technologies are not the core differentiator but rather their turnkey integration. Snipp's platform has facilitated major program launches within a 48hour notice period.
4. Universal forecasts and expectations for a further re-allocation of advertising dollars going into promotions and loyalty programs are shared. Online and in particular mobile are the high growth mediums.
5. The longer-term potential will be determined by the Company's ability to scale while maintaining customer confidence in on time delivery. Clients made reference to the strength of Snipp's on time deliverables.

Recent Results: Q414 and Q115 Demonstrated the Rewards Revenue Potential

Revenues: Snipp reported Q115 revenues of $3.7M up tenfold from $0.3M in Q114. Sequentially, revenues increased 85% from $2.0M against $262K in Q413 bringing the full year 2014 revenues to $3.5M against $870K for 2013. We believe revenues on the quarter were heavily influenced by growth in redemption driven revenues associated with the consumer reward programs. We put the redemption revenues at roughly $2.7M and $1.75M for Q115 and Q414, respectively. As noted, we look for Q215 revenues of $2.7M with redemption revenues at roughly $950K as Snipp adopts a more conservative stance towards fixed budget redemption programs.

Consolidated Results: Q115 operating costs increased 3% q/q to $4.9M from $4.8M in Q414 and ahead from Q114 at $0.5M. For perspective, full year 2014 operating costs were $6.7M against $1.7M for 2013. The campaign infrastructure costs were the largest cost category in Q115 and Q414 at $3.6M and $2.1M (96% and 105% of revenues), respectively, against $33.2K (9.5% revenues) for Q114. On a full year basis, the campaign costs for 2014 were $2.43M (68.3% revenues) against $120K for 2013 (13.8% revenues). We attribute roughly $2.6M/$1.7M of the Q115/Q414 infrastructure costs to redemption related pass-through costs using our allocated ~5% margin on the business. We estimate that these expenses were roughly $142K for Q314 where we believe redemption related revenues/costs were more in the neighbourhood of $150K.

Salaries and compensation costs were $726K and $580K in Q115 and Q414, respectively, against Q114 at $355K (2014 $1.6M, 2013 $1.1M). The expense growth reflected additional sales capabilities and expenses related to product additions. These costs would be attributed to the program revenues where we see greater near-term margin gains from scale. **We look for these costs to show modest accretion in subsequent quarters excluding the impact of consolidating Hip Digital.**

We believe Snipp can achieve EBITDA break-even once program, other revenues/loyalty (aka non-redemption) revenues hit the $1.2-$1.4M quarterly run rate. We have Snipp reporting an EBITDA positive result for Q315 although we acknowledge that this could be deferred where Snipp elects to increase its product development costs to fuel growth. We believe Snipp's results for Q215 would be potentially EBITDA positive except for one-time costs we put at ~$275K for the acquisition of Hip Digital pulling our forecast EBITDA to a negative $112K on a reported basis.

General and administrative costs for Q115 and Q414 were $144.5K and $47.5K, respectively, against $28.9K for Q114 (full year 2014 $144.0K, 2013 $84.4K). The Company continues to minimize its overhead costs with no significant central office and employees working from home offices or temporary, rented facilities. This was evident when a recent trip to Washington to meet with the SLT (senior leadership team) at one of their strategy sessions was hosted at a lawyer's office. **We expect these costs to show modest accretion in subsequent quarters excluding the impact of Hip Digital.** We note that Hip Digital will bring its four offices into the fold. Software development costs in Q115/Q414 were $38.5K/$62.9K, ahead from $26.8K in Q114 (2014 $170K, 2013 102K). **We see software development costs increasing modestly through the year with the Q415 exit rate at $53.5K.**

Other reported items for Q115/Q414 included professional fees and travel costs at $90.8K/$61.2K and $51.3K/$57.9K against $30.4K and $15.6K, respectively, in Q114. Snipp indicated that the professional fees in Q115 and Q414 were related to finalizing its acquisition of Swiss Post Solutions Ireland Limited, the loyalty management subsidiary of Swiss Post CH Ltd. **Consequently, with the acquisition of Hip Digital, we would expect professional fees and travel costs to increase to potentially $385K for Q215 (we estimate $275K related to Hip Digital allowing 2.75% of the acquisition value) before declining except where further acquisitions or its pursuit keep costs at elevated levels.**

The acquisition of Swiss Post Solutions closed in February of 2015. Snipp delivered on its target of integrating the loyalty product onto its platform and making the product available during Q215. With the acquisition, Snipp brought on 11 employees based in Ireland. Ongoing revenues from the group are estimated at $1.2M for 2015 including ongoing revenues from the former parent.

Stock based compensation for Q115/Q414 was $262.2K/$85.7K against $8.8K for Q114 and $115K for Q413 ($160K for 2014, $230K for 2013). Results for Q414 benefited from a $288K credit related to the reversal of previously recorded option costs associated with a sales partnership compensation to a strategic partner (in Mexico) that have expired without exercise. FX allowances in Q115/Q414 included an FX loss of nil/$116.3M and $1.4M/-$1.23M from the change in the fair value determination of a derivative liability. Q114 included an FX gain of $71.8K and a gain of $322.5M on the change in the fair value determination of the derivative liability. The derivative liability is a non-cash charge related to the exercise price of purchase warrants set at a fixed Canadian dollar amount. Please turn to page 22 for details. We would expect the acquisition of Hip Digital to keep the stock based compensation at ~$250K for Q215 followed by $200K for Q315 and Q415.

Acquisition Growth Potential: Case Study Swiss Post Solutions

Deal Terms: Snipp completed the acquisition of Swiss Post Solutions Ireland Limited (SPSI) on February 5, 2015, under a purchase agreement with the parent company Post CH Ltd. The results have been included from the date of agreement on January 2, 2015. In this case, Snipp funded the acquisition from cash reserves. **SPSI is expected to contribute upwards of $1.5M in revenue for 2015 and generate positive net income. These revenues were recorded in Q115 results under the Other revenue line**. At closing, Snipp paid in cash the equivalent of ~US$260K with an additional payment capped at ~US$920K where 2015 revenue earned from SPSI reaches or exceeds US$1.3M. Conversely, where 2015 revenue from SPSI is below US$1.3M the additional payment will be adjusted proportionately downwards.

Target Fit: Swiss Post Solutions (SPS) is a subsidiary of Swiss Post focused on traditional paper-based business processes with document processing solutions for its business customers. Within this mandate, it provided support for the transition from the legacy physical loyalty rewards to the world of digital loyalty rewards. Operating within SPS, the acquired SPSI was the Customer Loyalty Management (CLM) business unit based in Ireland. SPSI's customer loyalty platform is a multi-currency, multi-lingual (10), cloud-based platform providing real-time benefits and rewards management, together with an advanced analytics platform. The platform provides reporting analytics as well as predictive analytics for consumer behaviour which can be integrated into the client's enterprise customer database and billing systems. Current customers of SPSI include high profile fashion and shoe retailers in addition to a chain of petrol station forecourt stores.

SPSI brought an enterprise-class loyalty management platform that Snipp has now integrated into its shopper marketing, receipt processing and rebate solutions portfolio. **The product integration was completed within four months, allowing Snipp to launch the service at a major industry trade show in April and more recently announce a contract win with Kellogg. We believe the speed of integration reflects positively on the SaaS structure of the service.**

Beyond expanding its portfolio, the acquisition of SPSI gives Snipp a beachhead presence in Europe and a development team based in Ireland to complement its existing development teams in India and the US. The acquisition saw 11 programmers in Ireland join Snipp. Frank Sweeny joined Snipp as the MD – Ireland. In May of 2015, Snipp moved to hire Adam Doran as MD – UK to build out its UK sales efforts. (see management bios Appendix One, page 23)

Snipp intends to expand its work with consumer brands from its existing promotions and rebates into differentiated evergreen/ongoing loyalty programs. At present, the majority of loyalty solutions in the market require POS integration or printed codes on pack or custom app-based solutions. With SPSI, Snipp has now introduced loyalty programs integrated with its established receipt-processing solutions that are not dependent on accessing the retailers' POS systems. The consumer brands will be able to run loyalty programs where users snap and send a picture of their purchase receipt and the retailer POS system access is removed from the equation. The promotions can go deeper by adding social media elements, specific retailer customizations, and location-based activations.

Acquisition: Hip Digital Media

Deal Terms: Snipp announced the acquisition of Hip Digital Media on June 1, 2015, for US$8.5M and will occur by way of a US style statutory merger. Snipp will issue up to 12.9M common shares to Hip. On the closing date, Snipp will issue 4.6M Consideration Shares (36% of the maximum number of Consideration Shares payable based on 5-day VWAP of US$0.66, C$0.82). Future payments in the form of Consideration Shares will be subject to Hip meeting certain financial targets set out in the agreement, issuable on a quarterly basis. As part of the agreement, an earn-out payment of 50% of total revenue above the forecast target revenue may be made to Hip based on Hip's financial performance; however, the provision includes margin considerations that guard against unprofitable revenue generation. Snipp intends to operate Hip as a wholly-owned subsidiary.

Valuation Considerations: Snipp indicated that Hip was expected to contribute H215 and 2016 revenues of roughly C$4M and C$10M, respectively, with gross margins at approximately 70%. We would model EBITDA margins at 15% improving to 20% for 2016 suggesting that Snipp paid roughly 1x 2016 revenue and 5x EBITDA. We note that the revenue targets exclude revenue synergies expected from the deal.

Company Description: Hip Digital Media is a digital promotions company that brings together premium technology and programs to link brands with its consumer markets in the US, UK and Canada. The company integrates digital content such as music, movies, mobile apps, and eBooks into branded promotions that engage consumers and provide buyer insight. Hip offers its proprietary technology tools *Premium Rewards* and *HipRewards* to drive consumer engagement as well as provide clients with meaningful insights into buyers of its products and deliver analytics on those buyers. The company has executed on over 3,000 promotions with major brands and Fortune 500 companies. Past and present promotional customer roster includes Diageo (Smirnoff) (DGE-LN, NR), Kellogg, Aeroplan, Labatt (Private), Anheuser-Busch (ABI-BB, NR), Dr Pepper Snapple Group (DPS-US, NR), Trolli (Private), Starburst (STARB-SP, NR), McCain Pizza (Private), PepsiCo (PEP-US, NR), Beam Global (Private), Honda (7267-JP, NR), General Mills (GIS-US, NR), Dane-Elec (DAN-FP, NR), Wells Fargo (WFC-US, NR), Clorox (CLX-US, NR), Playtex and American Express (AXP-US, NR). **Snipp noted at its AGM that there was less than 10% overlap in its clients.**

The Chairman of Hip, Mr. Keyur J. Patel, is a Managing Partner at the private equity firm, Fuse Capital (Private). He has an impressive record of building and exiting technology enabled media and consumer start-ups. In addition to his role at Hip and Managing Partner at Fuse Capital, Mr. Patel is the Chairman and Founder at Fuse Global (Private), Fuse+Media (Private) and Shiftingatoms.org. He is also a Board Member and investor in Generate Networks, NDTV and India TV with past exits from Fabrik, Brience (Private), Inktomi Corporation, Maxfor, SonicWall (Private), Webvibe and Mixercast (Private) where he held similar positions.

Mr. Baris Karadogan is the CEO of Hip Digital Media and has been with Hip since December 2008. He was previously a Partner with Fuse Capital from 2006 through 2010. Hip was founded in 2007 and is headquartered in Menlo Park, California, with additional offices in Dallas, Toronto, and Vancouver.

Exhibit 6 – Hip Forecasts, (US$000s)

Hip Forecasts - Excluding Revenue Synergies						
$000's	H215	Q116	Q216	Q316	Q416	2016
Total Revenues	$4,000	$2,250	$2,450	$2,550	$2,750	$10,000
Campaign	$400	$248	$270	$281	$303	$1,100
% total	10%	11%	11%	11%	11%	11%
Redemption	$3,000	$1,688	$1,838	$1,913	$2,063	$7,500
% total	75%	75%	75%	75%	75%	75%
Other	$600	$315	$343	$357	$385	$1,400
% total	15%	14%	14%	14%	14%	14%
Operating Expenses						
Infrastructure	$1,200	$675	$735	$765	$825	$3,000
Gross Margin %	30%	70%	70%	70%	70%	70%
Salaries & Compensation	$1,160	$630	$662	$663	$715	$2,670
% revenues	29%	28%	27%	26%	26%	27%
General and Admin.	$1,080	$585	$613	$638	$660	$2,400
% revenues	27%	26%	25%	25%	24%	24%
Total Costs	$3,440	$1,890	$2,009	$2,066	$2,200	$8,070
EBITDA	$560	$360	$441	$485	$550	$1,931
- margin %	14%	16%	18%	19%	20%	19%

Source: Euro Pacific Estimates.

Financial Forecasts

Recognizing the high degree of variability for both organic growth and growth through acquisition, we adopted the approach of forecasting downside, target, and upside organic scenarios and then applied three levels of acquisition activity against the organic scenario. With each scenario, we develop a five-year snapshot and a DCF valuation. This approach derived our investment thesis that Snipp is modestly undervalued against target organic growth with potentially aggressive upside under a more aggressive organic scenario or with reasonable success in its anticipated acquisitions.

Our organic growth target scenario supports a target DCF valuation of $0.90/shr based on a discount rate of 17% and terminal multiple of 9x EV/EBITDA with year 5 revenues/EBITDA of $40.3/$10.4M. Our upside and downside organic scenarios support DCF targets of $1.24/$0.28 based on five-year revenues/EBITDA of $44.8/$13.9M and $31.5/$2.6M, respectively. Below, we highlight our DCF sensitivity across three scenarios of organic growth. See page 21 for further details behind the assumptions.

Exhibit 7 – Organic Growth Sensitivity (US$)

Organic Growth Sensitivity:	Downside	Target	Upside
Snapshot 2020			
Revenues $M	$31.5	$40.3	$44.8
2015-2020 Cagr	16.9%	21.1%	23.3%
EBITDA	$2.1	$9.9	$13.3
Cagr	nm	nm	nm
Margin	6.6%	24.4%	29.7%
Net Income	$2.1	$10.2	$13.8
Cash	$20.2	$46.6	$55.9
Debt	$0.1	$0.1	$0.1
FCF 2020	$2.2	$10.1	$13.6
Cumulative	$3.5	$29.4	$38.7
DCF - (discount rate, terminal EV/EBITDA)			
17%, 9x's	$0.28	$0.90	$1.24
+-1% discount	$0.29	$0.92	$1.26
+- 1 multiple	$0.27	$0.85	$1.16

Source: Euro Pacific Estimates.

Overleaf, we run through the underlying assumptions in support of our organic growth target scenario. In Appendix Six, we compare the assumptions behind our downside, target and upside scenarios.

Quarterly Financial Forecasts

Below, we highlight our quarterly forecast through 2015 with our comments. Please note both the original forecasts excluding Hip and those including the acquisition.

Exhibit 8 – Quarterly Financial Forecasts (Click here for larger version) (US$)

Snipp Interactive Inc.	2014	Q115	Q215E	Q315E	Q415E	2015E	2016E		Excluding Hip Digital Media			
Consolidated								Comments	Q315E	Q415E	2015E	2016E
Revenue	3,562,045	3,705,800	2,730,439	4,376,233	4,687,055	15,499,528	45,227,480	Growth reflects organic growth scenario	2,376,233	2,687,055	11,499,528	15,627,480
Growth %	309.23%	961.58%	-26.32%	60.28%	7.10%	335.13%	191.80%	with campaign growth leading.	-12.97%	13.08%	222.83%	29.57%
EBITDA	-3,098,284	-1,234,319	-111,935	261,237	399,292	-685,726	7,387,461	Target a 25.8% margin on a consolidated	-3,763	134,292	-890,726	1,897,107
Growth %	12.8%	-60.2%	-90.9%	-333.4%	52.8%	-271.7%	-1177.3%	basis held down by lower margin	-101.8%	-3668.3%	-763.3%	-675.5%
Margin %	NM	NM	NM	6.0%	8.5%	NM	29.3%	redemption business. Note: Hip Digital	NM	5.0%	NM	12.1%
Flow-through %	NM	NM	3.5%	6.9%	117.3%	20.2%	27.2%	EBITDA margin est. 19%-20% for FY16.	NM	421.5%	27.8%	62.4%
EPS	-$0.07	$0.00	$0.00	$0.00	-$0.01	-$0.01	$0.01	The organic scenario has positive EPS 2016+	$0.00	-$0.01	-$0.01	$0.02
Free Cash Flow	-4,004,452	-571,294	-773,624	-35,300	391,440	-988,777	1,514,551	We have Snipp turning FCF +ve for 2016+	42,832	126,440	-771,201	2,722,434
Growth %	NM	-10748.5%	80.3%	-109.5%	-109.9%	NM	NM	one year earlier with Hip	-88.5%	-103.2%	NM	NM
Net Debt	-1,129,879	-9,440,854	-8,463,936	-9,291,600	-10,058,595	-10,105,787	6,216,634	Excluding acquistions the minimum cash	-8,878,949	-9,376,840	-9,424,032	-12,209,493
Net Debt : EBITDA	NM	7.65x	75.61x	NM	NM	NM	1.84x	balance is ~$10M	2,359.24x	NM	10.58x	NM
Snipp Interactive Inc.	2014	Q115	Q215E	Q315E	Q415E	2015E	2016E	Comments	Q315E	Q415E	2015E	2016E
Segmented - Business Line (M)												
Campaign Revenues	1,622,045	851,650	1,605,439	1,476,233	1,467,055	5,400,378	8,363,542	Our 30.6% CAGR builds a $20.5M campaign	1,276,233	1,267,055	5,000,378	7,786,042
% of Total	45.5%	23.0%	58.8%	33.7%	31.3%	34.8%	33.2%	business against redemption revenues	53.7%	47.2%	43.5%	49.8%
Growth % y/y	86.4%	144.0%	330.0%	128.5%	478.9%	232.9%	54.9%	achieiving $14.1M	97.5%	400.0%	208.3%	40.0%
Redemption Revenues	1,940,000	2,700,000	950,000	2,400,000	2,600,000	8,650,000	14,317,500	Redemption Revs carry a lower margin but	900,000	1,100,000	5,650,000	6,780,000
% of Total	54.5%	72.9%	34.8%	54.8%	55.5%	55.8%	31.7%	they draw higher margin campaign, loyalty	37.9%	40.9%	49.1%	43.4%
Growth % y/y	nm	nm	nm	nm	nm	nm	165.5%	business. Note Hip Gross at roughly 70%.	nm	62.9%	191.2%	20.0%
Other, Loyalty	0	154,150	175,000	500,000	620,000	1,449,150	2,546,438	The Loyalty target of $5.7 M should prove	200,000	320,000	849,150	1,061,438
% of Total	400.5%	1033.7%	30.0%	30.0%	30.0%	30.0%	30.0%	low with Hip Digital contributing ~$1.4 to	30.0%	30.0%	30.0%	30.0%
Growth % y/y	97.9%	95.8%	18.7%	23.2%	55.5%	29.2%	23.4%	F16 and given the N. American mkt pot'l vs.	42.7%	96.8%	39.4%	37.7%
Costs (M)												
Salaries & Compensation	1,573,933	726,478	757,969	1,341,245	1,346,404	4,172,095	6,533,165	We trend the category towards 13.8% of	761,245	766,404	3,012,095	3,704,877
Growth % y/y	43.3%	104.6%	108.0%	178.0%	32.0%	165.1%	23.0%	revenues or ~27% excluding redemption	178.0%	32.0%	91.4%	23.0%
% of Revenue	44.2%	19.6%	27.8%	30.6%	28.7%	26.9%	14.4%	revenues.	32.0%	28.5%	26.2%	23.7%
Communications Infrastructure	2,431,221	3,558,647	1,135,000	1,697,500	1,852,500	8,243,647	9,553,000		1,097,500	1,252,500	7,043,647	7,343,500
Growth % y/y	1926.3%	10607.9%	1596.7%	700.3%	-12.6%	239.1%	15.9%	We advance redemption revenues 2016/15	417.4%	-40.9%	189.7%	4.3%
% of Revenue	68.3%	96.0%	41.6%	38.8%	39.5%	53.2%	21.1%	due largely to the full yr impact of Hip at	46.2%	46.6%	61.3%	47.0%
- Baseline Infrastructure	550,221	939,647	375,000	400,000	400,000	2,114,647	1,750,000	$4M then we take a lower revenue, higher	400,000	400,000	2,114,647	1,750,000
Growth % y/y	33.9%	110.3%	23.4%	27.1%	27.3%	39.2%	20.9%	margin scenario building out through 2020	31.3%	31.6%	42.3%	22.5%
- % of non-redemption revenues	33.9%	93.4%	21.1%	20.2%	19.2%	30.9%	5.7%	with redemption costs levelling at 54.5% of	27.1%	25.2%	36.2%	19.8%
- Redemption Program Costs	1,881,000	2,619,000	760,000	1,297,500	1,452,500	6,129,000	7,803,000	associated revenues. Our target margins	697,500	852,500	4,929,000	5,593,500
- % Redemption Program Revenues	-	97.0%	80.0%	54.1%	55.9%	70.9%	54.5%	consider Hip's gross of ~70% as a bogie.	77.5%	77.5%	87.2%	82.5%
Growth % y/y	NM	NM	1900.0%	810.5%	-14.6%	225.8%	27.3%		389.5%	-49.9%	162.0%	13.5%
General & Administrative	143,945	144,543	152,426	695,070	696,717	1,688,756	3,235,844		155,070	156,717	608,756	712,244
Growth % y/y	70.5%	400.9%	360.0%	1917.0%	1367.1%	1073.2%	91.6%	Represents a small category.	350.0%	230.0%	322.9%	17.0%
% of Revenue	4.0%	3.9%	5.6%	15.9%	14.9%	10.9%	7.2%		6.5%	5.8%	5.3%	4.6%
Software Development	170,020	38,535	44,002	47,860	53,490	183,887	211,470		47,860	53,490	183,887	211,470
Growth % y/y	67.2%	43.7%	40.0%	-2.0%	-15.0%	108.2%	15.0%	Represents a small category.	-2.0%	-15.0%	108.2%	15.0%
% of Revenue	4.8%	1.0%	3.9%	3.6%	2.4%	1.2%	0.8%		3.6%	2.4%	1.6%	1.4%
Professional Fees	98,433	90,814	385,000	35,000	35,000	545,814	668,622		35,000	35,000	270,814	331,747
Growth % y/y	139.6%	198.5%	6145.9%	5047.1%	-42.8%	454.5%	22.5%	Represents a small category.	5047.1%	-42.8%	175.1%	22.5%
% of Revenue	2.8%	2.5%	14.1%	0.8%	0.7%	3.5%	1.5%		1.5%	1.3%	2.4%	2.1%
Marketing	40,595	39,872	32,500	33,500	33,500	139,372	167,246		33,500	33,500	139,372	167,246
Growth % y/y	-42.1%	91.7%	353.8%	367.2%	513.4%	243.3%	20.0%	Snipp's marketing budget is minimal consisting primarily of travel and trade shows.	367.2%	513.4%	243.3%	20.0%
% of Revenue	1.1%	1.1%	1.2%	0.8%	0.7%	0.9%	0.4%		1.4%	1.2%	1.2%	1.1%

Source: Company Filings, Euro Pacific Estimates

Annual Financial Forecasts

Below, we highlight our quarterly forecast through 2020 with our comments. Please note the addition of 2015 and 2016 excluding Hip.

Exhibit 9 – Annual Financial Forecasts (Click here for larger version) (US$)

Snipp Interactive Inc. Consolidated	2014	2015E	2016E	2017E	2018E	2019E	2020E	14-19	15-20	Comments	Excluding Hip Digital 2015E	Excluding Hip Digital 2016E
Revenue	3,562,045	15,499,528	45,227,480	67,431,204	96,240,522	127,068,093	160,008,061	104.4%	59.5%	Growth reflects organic growth scenario	11,499,528	15,627,480
Growth %	309.23%	335.13%	191.80%	49.09%	42.72%	32.03%	25.92%			with campaign growth leading.	222.83%	29.57%
EBITDA	-3,098,284	-685,726	7,387,461	11,387,494	18,360,166	25,897,617	33,794,382	NM	nm	Target a 25.8% margin on a consolidated	-890,726	1,897,107
Growth %	12.8%	-271.7%	-1177.3%	54.1%	61.2%	41.1%	30.5%			basis held down by lower margin	-763.3%	-675.5%
Margin %	NM	NM	29.3%	44.4%	59.8%	72.7%	83.8%			redemption business. Note: Hip Digital	NM	12.1%
Flow-through %	NM	20.2%	27.2%	18.0%	24.2%	24.5%	24.0%			EBITDA margin est. 19%-20% for FY16.	27.8%	62.4%
EPS	-$0.07	-$0.01	$0.01	-$0.02	-$0.02	-$0.02	-$0.02			The organic scenario has positive EPS 2016+	-$0.01	$0.02
Free Cash Flow	-4,004,452	-988,777	1,514,551	-962,754	-1,367,211	-1,639,070	-2,023,689	NM	15.4%	We have Snipp turning FCF +ve for 2016+	-771,201	2,722,434
Growth %	NM	NM	NM	-163.6%	42.0%	19.9%	23.5%			one year earlier with Hip	NM	NM
Net Debt	-1,129,879	-10,105,787	6,216,634	25,514,172	45,682,431	66,643,335	88,513,299	-326.0%	-254.3%	Excluding acquistions the minimum cash	-9,424,032	-12,209,493
Net Debt : EBITDA	NM	NM	1.84x	8.43x	8.71x	8.76x	8.98x			balance is ~$10M	10.58x	NM

Snipp Interactive Inc. Segmented - Business Line (M)	2014	2015E	2016E	2017E	2018E	2019E	2020E	14-19 #REF!	15-20	Comments	2015E	2016E
Campaign Revenues	1,622,045	5,400,378	8,363,542	10,511,157	13,664,505	17,080,631	20,496,757	60.1%	30.6%	Our 30.6% CAGR builds a $20.5M campaign	5,000,378	7,786,042
% of Total	45.5%	34.8%	33.2%	41.0%	44.5%	48.0%	50.8%			business against redemption revenues	43.5%	49.8%
Growth % y/y	86.4%	232.9%	54.9%	25.7%	30.0%	25.0%	20.0%			achieiving $14.1M	208.3%	40.0%
Redemption Revenues	1,940,000	8,650,000	14,317,500	11,937,000	13,130,700	13,787,235	14,131,916	48.0%	10.3%	Redemption Revs carry a lower margin but	5,650,000	6,780,000
% of Total	54.5%	55.8%	31.7%	30.0%	30.0%	30.0%	30.0%			they draw higher margin campaign, loyalty	49.1%	43.4%
Growth % y/y	nm	nm	165.5%	0.7%	0.7%	0.8%	0.9%			business. Note Hip Gross at roughly 70%.	191.2%	20.0%
Other, Loyalty	0	1,449,150	2,546,438	3,183,047	3,883,317	4,737,647	5,685,176	NA	31.4%	The Loyalty target of $5.7 M should prove	849,150	1,061,438
% of Total	400.5%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%			low with Hip Digital contributing ~$1.4 to	30.0%	30.0%
Growth % y/y	97.9%	29.2%	23.4%	29.9%	32.5%	36.4%	41.7%			F16 and given the N. American mkt pot'l vs.	39.4%	37.7%
Costs (M)												
Salaries & Compensation	1,573,933	4,172,095	6,533,165	7,578,471	8,563,672	9,591,313	10,646,357	43.5%	20.6%	We trend the category towards 13.8% of	3,012,095	3,704,877
Growth % y/y	43.3%	165.1%	23.0%	16.0%	13.0%	12.0%	11.0%			revenues or ~27% excluding redemption	91.4%	23.0%
% of Revenue	44.2%	26.9%	14.4%	29.6%	27.9%	26.9%	26.4%			revenues.	26.2%	23.7%
Communications Infrastructure	2,431,221	8,243,647	9,553,000	8,605,634	9,634,197	10,413,267	11,036,006	33.8%	6.0%		7,043,647	7,343,500
Growth % y/y	1926.3%	239.1%	15.9%	-9.9%	12.0%	8.1%	6.0%			We advance redemption revenues 2016/15	189.7%	4.3%
% of Revenue	68.3%	53.2%	21.1%	12.8%	10.0%	8.2%	6.9%			due largely to the full yr impact of Hip at	61.3%	47.0%
- Baseline Infrastructure	550,221	2,114,647	1,750,000	2,100,000	2,478,000	2,899,260	3,334,149		9.5%	$4M then we take a lower revenue, higher	2,114,647	1,750,000
Growth % y/y	33.9%	39.2%	20.9%	20.0%	18.1%	17.0%	16.3%			margin scenario building out through 2020	42.3%	22.5%
- % of non-redemption revenues	33.9%	30.9%	5.7%	3.8%	3.0%	2.6%	2.3%			with redemption costs levelling at 54.5% of	36.2%	19.8%
- Redemption Program Costs	1,881,000	6,129,000	7,803,000	6,505,634	7,156,197	7,514,007	7,701,857			associated revenues. Our target margins	4,929,000	5,593,500
- % Redemption Program Revenues	-	70.9%	54.5%	54.5%	54.5%	54.5%	54.5%			consider Hip's gross of ~70% as a bogie.	87.2%	82.5%
Growth % y/y	NM	225.8%	27.3%	-16.6%	10.0%	5.0%	2.5%				162.0%	13.5%
General & Administrative	143,945	1,688,756	3,235,844	3,688,862	4,205,303	4,667,886	5,134,675	100.5%	24.9%		608,756	712,244
Growth % y/y	70.5%	1073.2%	91.6%	14.0%	14.0%	11.0%	10.0%			Represents a small category.	322.9%	17.0%
% of Revenue	4.0%	10.9%	7.2%	5.5%	4.4%	3.7%	3.2%				5.3%	4.6%
Software Development	170,020	183,887	211,470	237,904	261,694	287,863	316,650	11.1%	11.5%		183,887	211,470
Growth % y/y	67.2%	108.2%	15.0%	12.5%	10.0%	10.0%	10.0%			Represents a small category.	108.2%	15.0%
% of Revenue	4.8%	1.2%	0.8%	0.9%	0.9%	0.8%	0.8%				1.6%	1.4%
Professional Fees	98,433	545,814	668,622	748,857	838,720	922,592	1,014,851		13.2%		270,814	331,747
Growth % y/y	139.6%	454.5%	22.5%	12.0%	12.0%	10.0%	10.0%			Represents a small category.	175.1%	22.5%
% of Revenue	2.8%	3.5%	1.5%	1.1%	0.9%	0.7%	0.6%				2.4%	2.1%
Marketing	40,595	139,372	167,246	200,696	240,835	289,002	346,802		20.0%	Snipp's marketing budget is minimal consisting	139,372	167,246
Growth % y/y	-42.1%	243.3%	20.0%	20.0%	20.0%	20.0%	20.0%			primarily of travel and trade shows.	243.3%	20.0%
% of Revenue	1.1%	0.9%	0.4%	0.3%	0.3%	0.2%	0.2%				1.2%	1.1%

Source: Company Filings, Euro Pacific Estimates

Acquisition Potential: We then take our target scenario and apply three acquisition scenarios to determine parameters on the value creation we could envision as Snipp moves ahead making acquisitions.

Organic Growth Model: Our model scenarios run the revenue growth 2.5% above our target scenario while our downside scenario is symmetrically 2.5% below our target scenario. With a multitude of potential variables to analyse we restricted ours to revenues. Leaving our costs unchanged across scenarios, our sensitivity analysis equates directly to a pricing sensitivity model or relatively closely to a margin compression model. By leaving our expenses constant, our downside arguably suffers for our not allowing Snipp to offset any margin pressure through cost reductions. The key drivers are campaign revenues where we apply a declining y/y growth moving starting with 40% y/y in 2016 moving down by 5% annually to 20% in 2020E Our redemption revenues are similarly set at 20% y/y in 2016 with the rate of growth declining 5% annually towards 2.5% in 2020E. The annual growth rates are 2.5% higher or lower in each year within the upside and downside scenarios.

Exhibit 10 – Organic Growth Sensitivity (US$)

Organic Growth Sensitivity:	Downside	Target	Upside
Snapshot 2020			
Revenues $M	$31.5	$40.3	$44.8
2015-2020 Cagr	16.9%	21.1%	23.3%
EBITDA	$2.1	$9.9	$13.3
Cagr	nm	nm	nm
Margin	6.6%	24.4%	29.7%
Net Income	$2.1	$10.2	$13.8
Cash	$20.2	$46.6	$55.9
Debt	$0.1	$0.1	$0.1
FCF 2020	$2.2	$10.1	$13.6
Cumulative	$3.5	$29.4	$38.7
DCF - (discount rate, terminal EV/EBITDA)			
17%, 9x's	$0.28	$0.90	$1.24
+-1% discount	$0.29	$0.92	$1.26
+- 1 multiple	$0.27	$0.85	$1.16

Source: Euro Pacific estimates.

Acquisition Sensitivity: The potential to add value through acquisitions is a critical component of our bullish thesis. Our two acquisition scenarios measure against our target organic scenario with no acquisitions highlight the accretive DCF impact of acquisitions pacing at $20M and $10M per year based on 50/50 debt/equity financing of deals. Below, we run through our base, expected, and aggressive acquisition scenarios where we have Snipp spending $20/$10M annually to acquire targets at 1.75x and 1.25x revenue or 8.8/6.3x EBITDA based on a 20% EBITDA margin. For simplicity, we assumed the acquired company revenues grow at 9%/7% annually under the aggressive/moderate acquisition scenarios. The higher growth rates under the aggressive scenario were appropriately reflected in the higher multiples. Appendix 6 provides further details and compares across the scenarios.

Exhibit 11 – Acquisition Sensitivity (US$)

Acquisition Sensitivity:	Base Case	Moderate Acquisition	Aggressive Acquisition
Snapshot 2020			
Revenues	$40.3	$97.8	$160.0
2015-2020 Cagr	21.1%	44.6%	59.5%
EBITDA	$9.9	$21.4	$33.8
Cagr	nm	nm	nm
Margin	24.4%	53.0%	83.8%
Net Income	$10.2	$5.3	-$3.5
Cash	$46.6	$28.7	-$0.9
Debt	$0.1	$31.4	$87.6
FCF 2020	$10.1	$20.4	$31.6
Cumulative	$29.4	$59.1	$90.4
DCF - (discount rate, terminal EV/EBITDA)			
17%, 9x's	$0.90	$1.32	$1.45
+-1% discount	$0.92	$1.36	$1.49
+- 1 multiple	$0.85	$1.23	$1.34

Source: Euro Pacific estimates.

Balance Sheet Snapshot

Cash Profile: Snipp had a cash balance of $9.6M at March 2015 and total debt balance of $143.5K (due to related parties) for net debt of -$9.4M. The Company used $790.2K in cash from operations and -$543.5K FCF in the quarter. We model for Snipp to turn FCF positive in Q415E, with the Company having a sufficient cash balance before turning cash flow positive.

Working Capital: At March 2015, Snipp had NWC of $8.8M. Accounts Receivables were $0.6M at the end of the quarter, with Days Receivable declining to 13.6 Days compared with 30.3 Days in Q414 and 122.0 Days a year ago. Meanwhile, Payables ended the quarter at $0.5M, with Days Payable declining from 8.5 Days in Q414 and 20.7 Days in Q114 to 8.0 Days in Q115.

Exhibit 12 – Financial Summary Table (US$)

Financial Summary Table	Q113	Q213	Q313	Q413	Q114	Q214	Q314	Q414	Q115	Q215E	Q315E	Q415E
Revenue	174	207	226	263	349	413	796	2,003	3,706	2,730	4,376	4,687
EBITDA	-389	-221	-144	-29	-171	-194	13	-2,747	-1,234	-112	261	399
EPS	$0.00	$0.00	$0.00	$0.00	$0.00	-$0.01	$0.00	-$0.06	$0.00	$0.00	$0.00	-$0.01
Cash	403	136	176	213	322	311	1,231	1,529	9,584	8,607	9,435	10,202
Net Debt	-329	-64	-94	-5	-67	-94	-1,171	-1,130	-9,441	-8,464	-9,292	-10,059
Working Capital (000s)	432	233	272	266	583	384	1,716	884	8,801	7,980	8,481	9,211
Receivables (000s)	187	252	269	345	601	496	825	524	593	101	163	174
Days Receivable	100	95	104	105	122	119	75	30	14	14	14	14
Payables (000s)	117	106	92	115	112	228	228	314	506	724	1,112	1,161
Days Payable	28	29	27	22	21	30	36	26	8	26	26	26
Cash Conversion Cycle	72	67	77	83	101	89	39	4	6	-12	-12	-12

Source: Company Filings, Euro Pacific Estimates

Exhibit 13 – Warrants Summary

Warrants Summary

Number of Common Shares Issuable	Weighted Average Exercise Price	Expiry Date
6,188,688	$0.13	01-Mar-17
1,200,000	C$0.15	06-Dec-15
2,670,000	C$0.15	24-Jan-16
10,280,000	$0.20	14-Jul-17
20,338,688	C$0.19	

Source: Company Filings, Euro Pacific Estimates

Exhibit 14 – Management Ownership

Management Ownership

Name	Shares Owned	Ownership (%)	Options	(C$)	Date Issued	Expiry Date
Atul Sabharwal, CEO	6,709,181	6.7%	250,000	$0.55	29-Dec-14	29-Dec-19
Ritesh Bhavnani, Chairman	6,859,682	6.8%	250,000	C$0.55	29-Dec-14	29-Dec-19
Conrad Swanson, Director	811,000	0.8%	50,000	C$0.55	29-Dec-14	29-Dec-19
Ram Ramkumar, Director	500,000	0.5%	200,000	$0.34	06-Nov-14	06-Nov-19
Jaisun Garcha, CFO	1,600,000	1.6%	125,000	$0.55	29-Dec-14	29-Dec-19
Wilson Bell, CTO	2,727,073	2.7%	250,000	$0.55	29-Dec-14	29-Dec-19
John Fauller, COO	Nil		100,000	$0.55	29-Dec-14	29-Dec-19
David Hargreaves, Chief Client Officer	Nil		500,000	$0.34	06-Nov-14	06-Nov-19
			250,000	$0.55	29-Dec-14	29-Dec-19
Jennifer McDaigle, VP Sales	Nil		250,000	$0.65	27-Dec-15	27-Dec-20
Total	**19,206,936**	**19%**	**1,125,000**			

Source: Company Filings, Euro Pacific Estimates

Appendix One: Management, Board of Directors

Management

Atul Sabharwa – Founder and CEO (Founded Company: 2007): – Atul has roughly 10 years of experience in the digital media/mobile industry. Atul's career started with a decade in consulting where he worked in increasingly senior positions with The Boston Consulting Group (Private), a Principal at PWC Consulting (Private), and then a Managing Consultant with IBM (IBM-US, NR) Global services. At that point, Atul joined AOL (a subsidiary of Time Warner [TWX-US, NR]) in 2003 as its Strategic Development Director for two years before moving to Acme Group (a $2B+ company based in India focused on technology solutions to energy, renewable energy, water management and telecom sectors) where from 2005 to 2012 he was the Executive Director of the Acme Group, based in India. Atul's earlier experience includes a board role at eSolar, an Idealabs (Private) company funded by Google (GOOG-US, NR), GE & Oak Capital (Private), and founder of the Finalysis Group (Private) (a consulting group and provider of remote services such as call centre management and lead generation to corporate clients). Atul holds an MBA from the Australian Graduate School of Management & Wharton.

Ritesh Bhavnani – Founder, Chairman (Founded Company: 2007): - Ritesh similarly has over 10 years of experience in the digital media industry. Prior to Snipp, Ritesh worked as the Engagement Manager at McKinsey (Private) and a member of its Media, Technology and Telecommunications team for just over five years. Ritesh's first entrepreneurial venture was as the founder of Unsurface where the venture developed a personal media platform that was folded into Sony Music, who also funded the venture. Ritesh previously served as GM at Precicompo an Indian automotive manufacturer where he managed the daily operations. Ritesh holds an MBA from INSEAD and a BS in Computer Science from Stanford University.

Wilson (Andy) Bell – Chief Technology Officer (Joined Company: 2007): Andy is the founder, CTO and chief architect of Snipp's Mobile Marketing Platform. Prior to Snipp, Andy held various roles at SAIC (SAIC-US, NR) in the US and overseas, and served in the US Marine Corps. He obtained his B.S. in Mathematics at Mary Washington College. We note that Snipp's Senior Dir. of Engineering also previously worked with SAIC for eight years in Germany and the US ending as a lead software engineer.

John Fauller – Chief Operating Officer (Joined Company: 2013): John has both management responsibility and front end responsibility over client programs. John was a former client of Snipp at his previous position at Conde Nast (Private) where he was the Director of print-to-mobile solutions. At Conde Nast, John was given credit for industry leading introductions of 2D barcode magazine advertising in magazine and the first NFC application in a major magazine. Beyond print/integrated media work, John has been involved in web design, software development and mobile solutions across 15 years of experience.

David Hargreaves – Chief Client Officer (Joined Company: November 2014): David has over 20 years of marketing experience including working with marquee brands Virgin, Apple (AAPL-US, NR), Google, and Facebook (FB-US, NR). David has been given responsibility for overall client satisfaction and developing client solutions for both brands and agencies. Prior to Snipp, David was the CEO and co-founded Beyond (www.bynd.com), a digital agency owned by UK firm Next Fifteen Communications Group Plc (NFC-LN, NR). Immediately prior to Snipp, David was a partner at Silicon Valley-based BrandGarage (Private) were he focused on connecting blue chip clients to new ad tech services. It was while at BrandGarage that David met Snipp, when the company participated and won a new ad tech forum contest. David has an MA from Oxford University.

David Peres – MD Canada (Joined Company: August 2014): David brings 20+ years of experience in the Promotional Marketing and Shopper Marketing services industry with clients such as Pfizer (PFE-US, NR), J&J (JJSF-US, NR), Heinz, Warner Bros. (Private), Con Agra (CAG-US, NR), and Mattel (MAT-US, NR). David's background includes start-up work in the ad tech space. Prior to joining Snipp, David was a Founder and Sr. Partner of 6degrees (Private), a leading Integrated Communications Agency. More recently, David was the Chief Marketing Officer at Bee Media/Adcentricity, a location-based mobile start up providing consumers with relevant offers and advertising based on their location. David has an HBA from Ivey Business School.

Frank Sweeney – MD Ireland (Joined Company: Feb. 2015): Frank brings 20+ years of experience in the loyalty and payments industry leading implementation solutions across a diverse range of clients including large banks, national utilities and major retailers around Europe. Prior to joining Snipp, Frank was the founder and IT Director of 20-20insights, a leading company in the field of Loyalty, Payments and Business Intelligence, which was purchased by Swiss Post in 2011. More recently, Frank was CTO for Swiss Post Solutions Loyalty Division. Frank holds a BSc (Hons) in Software engineering from Cork Institute Technology.

Adam Doran – MD UK (Joined Company: May 2015) Adam is the most recent MD to be hired, joining Snipp in May 2015 as the Managing Director for the UK. Adam brings 15+ years of experience working with Consumer Packaged Goods (CPG) brands on tactical sales promotions and long-term loyalty reward programs. Past clients such as Johnson & Johnson (JNJ-US, NR), General Mills (GIS-US, NR), Unilever (ULVR-LN, NR) and Molson Coors (TAP-US, NR) line up with the verticals served by Snipp in N. America to date. Prior to joining Snipp, Adam was the Business Development Director at Hive Online Ltd. (Private), a leading company known for specialising in sales promotions using unique codes. Hive recently won the marketing software category in addition to 8 other category wins at the 2013 COGS Industry Awards for Marketing Services. He was previously a Director of a leading Sports Marketing company where he worked with major football and rugby teams. In addition, Adam has had his own Sales & Marketing consultancy.

Jaisun Garcha – Chief Financial Officer (Joined Company: 2013): Jaisun has roughly 10 years of experience in the financial accounting industry, focusing on all aspects of public company financial and management reporting, forecasting and analysis, corporate governance and risk management. Jaisun also currently serves as Chief Financial Officer for Multivision Communications Corp. (MTV-T, NR), a Vancouver based wireless cable television business.

Jonathan (Jody) Bell – VP Engineering (Joined Company: Februatry 2015, Founding Advisor Snipp February 2007 -December 2007): Jody has over 30 years of experience in software development and engineering management. He is another former SAIC Systems Analyst where he worked for just under 12 years before moving on to AOL (subsidiary Time Warner Inc., US$84.90, market capitalization US$70B), where he was for 11 years ending as a Technical Director with a variety of roles including the role of development manager for AOL 5.0. ***Jody was then a founding advisor to Snipp for a period of 11 months ending in December of 2007*** when he moved to become the VP of Engineering for the education start-up Echo 360 for 5 years that preceded a five year tenure as the Managing Director of Product Engineering for security innovator Mandiant. From there, Jody spent one year as the MD of Endpoint Engineering with FireEye Inc. before returning to Snipp this past March. FireEye (FEYE:Nasdaq, US$51.03,NR, Market Capitalization US$8B) is a leading provider cyber security provider that acquired Mandiant.

Board of Directors

We believe it should be highlighted that the two founders, Atul and Ritesh, have embraced an independent Board with three independent members within a Board of five. Michael Dillon was introduced to the Board through his role as an EVP with Omnicom Group (OMC:NYSE, NR) while Ram Ramkumar was introduced to the Company for his 25+ years of public market experience across both the TSX and NASDAQ. The final member, Conrad Swanson, is an appointee from the TSX.

Atul Sabharwa – Founder and CEO (Founded Company: 2007) – See above.

Ritesh Bhavnani – Founder, Chairman (Founded Company: 2007) – See above.

Michael Dillon – Executive Director Brand Activation and Shopper Marketing Colangelo Synergy - subsidiary of Omnicon Group(2014) – Michael held progressively senior positions on the brand side with PepsiCo (PEP-US, NR) including time as the Director, Customer Marketing before moving on to VP Central Division Sales then VP Brand Activation and Marketing (17 years) where he led the development of national promotions for company brands and managed shopper marketing across 22 strategic customers. Responsibilities included merchandising, POS and licensing that are very much relevant to Snipp. Michael was with X+1 (acquired by Rocket Fuel [FUEL-US, NR]) were he gained exposure to programmatic advertising. He then moved to Catalina Marketing (Private) as VP Shopper Marketing where he gained further relevant experience in the promotions space. Michael joined Colangelo Synergy Marketing (Private) in 2013 in his current position.

Conrad Swanson – TSX Appointee: Conrad has been the President of International Samuel Exploration Corp.(ISS-T, NR), since January 6, 2006, and serves as its Chief Executive Officer, providing it with management and administrative services. For the past 23 years, Conrad's track record extends across an strong list of high-potential exploration projects. (Western Canadian Coal, Richfield Ventures Corp., Freegold Ventures Limited). He served as Chief Executive Officer of Gold Reach Resources Ltd. (GRV-T, NR). He served as the Chief Executive Officer and President at Alya Ventures Ltd. (Private). Conrad served as the President of Gold Reach Resources Ltd. until January 3, 2012. He served as President of International Samuel Exploration Corp. from March 1, 2001, to November 3, 2003 before moving to his current role as its Chairman. Conrad serves as the Chairman of Gold Reach Resources Ltd., Seymour Exploration Corp. Independent Nickel Corp. (Private). He has been a Director of Snipp Interactive Inc., since January 21, 2010.

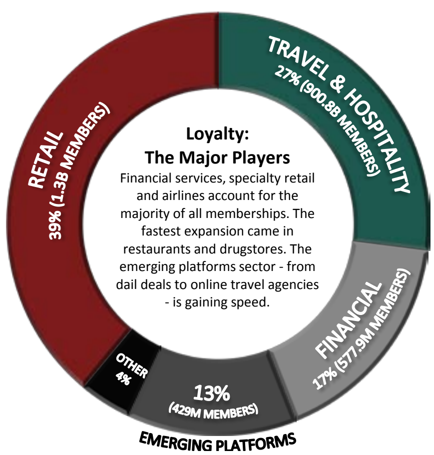
Ram Ramkumar – Independent Board Member: Ram was introduced to the board in light of his relevant industry experience in addition to his experience in public market history on both the TSX and NASDAQ. His careers spans 25+ years as a successful business entrepreneur with senior management and public board level positions. Ram was CFO, VP Operations and GM at Reff Incorporated (previously public until acquired in 1990 by Knoll International, high-end furniture manufacturer) before becoming the CEO of Inscape Corporation (INQ-T, NR). Mr. Ramkumar's reputation and that of Reff Inc. was very positive as a company was a successful IPO in 1986 (when this analyst first met Ram). While at Inscape he led the company from \$20M to \$170M in annual revenues with the company gaining recognition as one of the 50 Best Managed companies in Canada. Mr. Ramkumar is also a principal shareholder and Chairman of Process Research Ortech (Private) and ASL Print FX (Private), a provider of high-end promotional print solutions to CPG companies. He has served on the boards of several publicly listed corporations, including Merge Healthcare (MRGE-US, NR), a developer of software solutions for facilitating the sharing of images to create an electronic healthcare experience.

Appendix Two: Loyalty and Coupon Market

The Loyalty Market

The US Loyalty Market generates approximately $48B in loyalty currency (prizes, gifts, or other special offers) every year. It is still reporting significant growth, with loyalty membership up 25.5% from 2012 to 2014 to 3.3B members. However, the industry faces a large hurdle in encouraging membership engagement. Americans have an active participation rate of just 42% (down from 44% in 2012 and 46% in 2010). In other words, the typical US household belonged to 29 loyalty programs in 2014, but was active in just 12 of those programs. Within the Loyalty Market, there are four main sectors: Financial Services, Travel & Hospitality, Retail, and Emerging Platforms. Not all sectors experience the same issues with customer engagement, while other sectors show impressive growth. Financial services, specialty retail, and airlines account for the majority of memberships, with the fastest expansion coming from drugstores (88% growth from 2012) and restaurants (107% growth from 2012). Snipp's ability to engage consumer products brands directly with consumers represents a very significant advancement for the CPG sector as they have historically been held back by the lack of or expense of consumer purchase data. **Snipp's recent contract with Kellogg represents a strong endorsement for the company's integration of receipt recognition and loyalty. The historically strong retailer, travel and financial services providers are notable given they historically have benefitted from superior access to consumer purchase data – an advantage Snipp is moving to similarly provide clients with its direct consumer engagement loop.**

Exhibit 15 – Loyalty Market Overview



Source: 2015 Colloquy Loyalty Census

Retail Sector: The retail sector is the largest, with 39% market share (1.3B members). Growth in the sector continues to be mixed, with certain sub-sectors showing robust growth while others are flat or declining. Growth was largely driven by membership growth in drugstores (up 88% 2012-2014) with a total membership of 267.6M in 2014. Other drivers within retail include specialty retail and department stores (+20% and +18% since 2012) for total membership of 433.5M and 229.6M, respectively. Within Other Retailers, mass merchants saw robust growth since 2012 of 17% to 164.3M members in 2014, while fuel/convenience saw membership fall 3% to 24.5M. Additionally, the grocery sub-category, comprising 169.7M members, saw a slight dip in membership, down 2% since 2012.

Travel & Hospitality Sector (T&H): Comprised of airlines, hotels, gaming, restaurants, and car/cruises sub-categories, T&H membership totals 900.8M and 27% market share. Airlines comprise the lion's share of membership in the T&H sector with 355.9M members. However, in 2014, airlines saw a 4% drop in memberships. Growth in this sector was mainly driven by an increase in hotel membership, up 29% since 2012 for a total of 288.7M members. In particular, due to shifting demographics (40% of guests between ages of 18-36), hotels are increasing their digital offering. Elsewhere, restaurant membership saw the largest growth, with 107% increase since 2012 to 54M members in 2014. The gaming sub-sector grew 4% to 54.8M, while rental/car grew 14% to 44.9M.

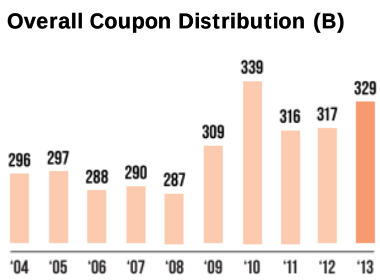
Financial Services Sector: Financial Services grew just 5% since 2012 making up 17% of the market in 2014 (577.9M members). The sector faces challenges as it risks losing consumers to prepaid cards, store credit cards, as well as non-traditional players (PayPal's loyalty program, and mobile wallets). However, banks still possess a wealth of customer data for segmenting customers based on engagement.

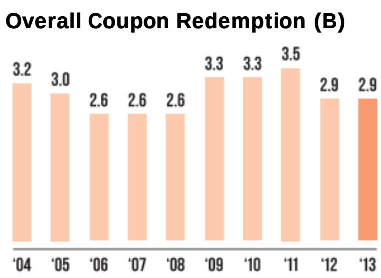
Emerging Platforms: Comprising 13% of overall membership in 2014 (429M members), the emerging platforms sector is gaining speed. It includes categories that do not fall into proprietary programs or partnerships typically offered by the retail, financial, and travel services sectors. They include retail discount-based platforms and mobile loyalty reward programs. While retail discount-based platforms are seeing some decline, mobile loyalty reward programs are likely to drive the growth in this sector.

The Coupon Market

In 2013, coupons distributed for CPG in the US grew 3.6% y/y to 329B. Of the coupons distributed, 2.9B were redeemed in 2013, flat y/y. While paper coupons remain the preferred and most popular method for redemption by consumers (Free-standing Inserts represented 89% of all coupons distributed in 2013 and accounted for 41% of redeemed coupons), digital coupons are gaining speed, driving the growth in the overall coupon market. In 2013, digital promotions surpassed the 1B prints/downloads mark for the first time. There are two distinct mediums defined as digital promotions: internet print-at-home (PAH), and digital paperless (L2C). Within the PAH segment, 1.27B offers were printed in 2013, with 145M redemptions and an average redemption rate of 17%. Meanwhile, L2C programs surpassed 1B clips, with approximately 66M paperless offers redeemed, up 141% y/y. The average redemption rate was 6.32%

Exhibit 16 – Overall Coupon Distribution and Redemption ($B)

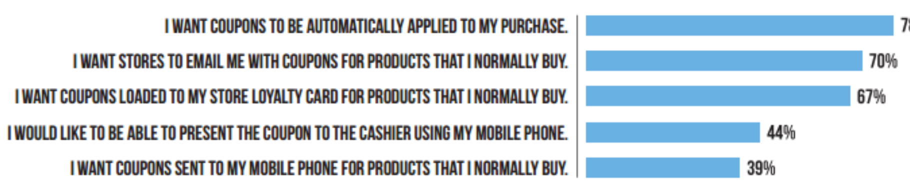




Source: inmar 2014 Coupon Trends, 2013 Year-End Report

Digital coupons continue to remain a key driver in closing sales and are more influential in purchase decisions when compared with other types of digital promotions. According to Forrester, in surveys with 500 consumers, digital coupons continue to be actively used by consumers. The study cites that 68% of total consumers have made between one and ten purchases online and of those consumers, 86% have used a digital coupon. In addition, mobile is likely to be a growth driver in the coupon market, with increasingly more shoppers using tablets and smartphones to find and redeem coupons. The 2014 Shopper Study from Inmar cites that 66% of shoppers use a smartphone, while 44% would like to be able to present their coupons using their mobile phone and 39% would like coupons sent to their mobile phones.

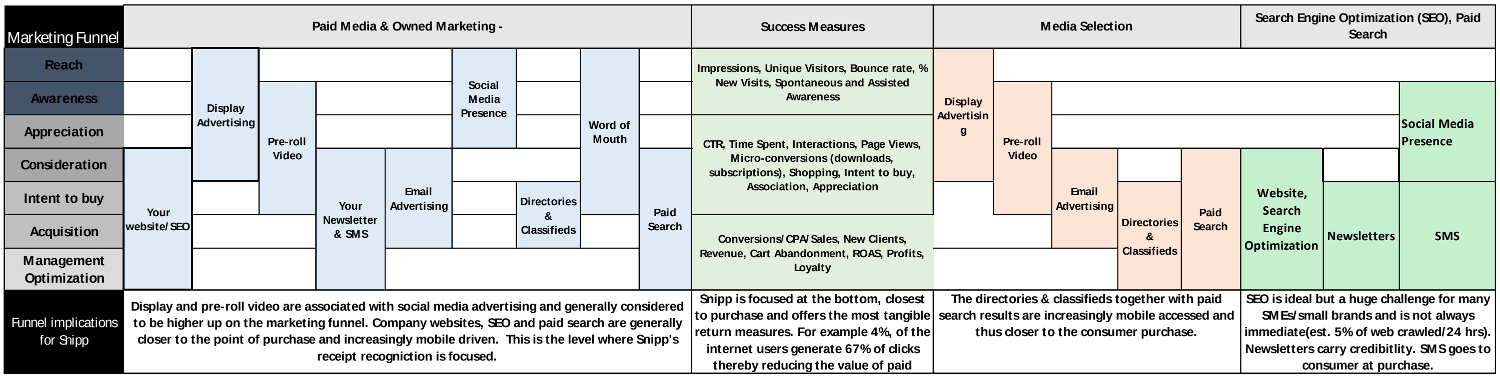
Exhibit 17 – Shopper Attitudes Around Coupons



Source: inmar 2014 Coupon Trends, 2013 Year-End Report

Appendix Three – Marketing Funnel - Implications for Snipp

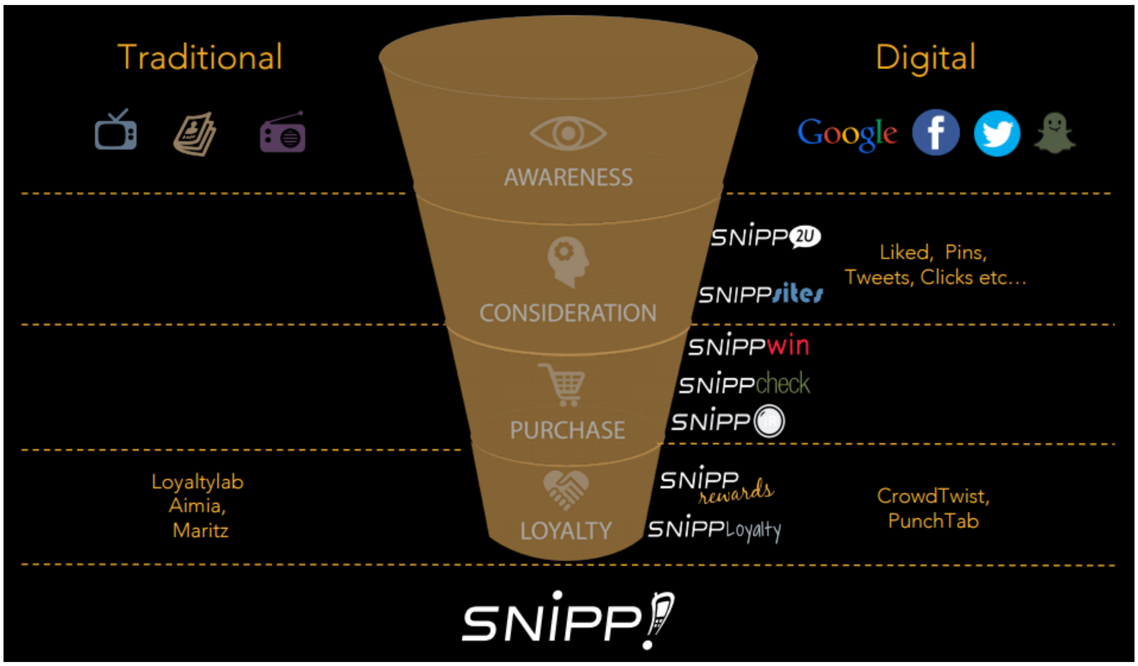
Exhibit 18 – Marketing Funnel & Implications for Snipp (Click here for larger version)



Source: Iab.net, Euro Pacific Canada.

Below, we highlight Snipp's view of its consumer funnel positioning with named peers as per its AGM presentation.

Exhibit 19 – Consumer Marketing Funnel



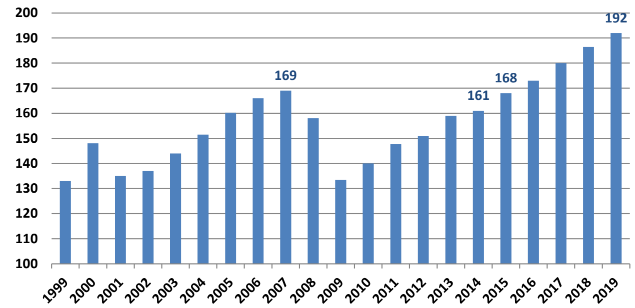
Source: Snipp AGM presentation, June 2015.

Referenced Company profiles: Loyaltylab (Private, revs ~$5.2M, loyalty platform tech), Aimia (AIM:TSX, MKt Cap $1.9B, data-driven marketing & loyalty analytics), Maritz Holdings (Private, rewards & loyalty programs, revs. $1.2M, net income $113M) CrowdTwist (Private, loyalty & data marketing), and PunchTab (Private, loyalty platform).

Appendix Four: Market Growth, Segment Drivers

We sourced the IAB/PwC Internet Ad Revenue Report on F2014 results in order to highlight the growth dynamics of the internet advertising market. We turned to Adage and ZenithOptimedia to source overall advertising data and media consumption distribution. To start, we present the strength of the overall advertising industry. Many looking at the consistent growth in advertising since 2009 miss the perspective that the aggregate advertising market has just now forecast that in 2015 it will regain its historic peak set in 2007 before two years of decline. We then review growth trends and segment drivers relevant to Snipp.

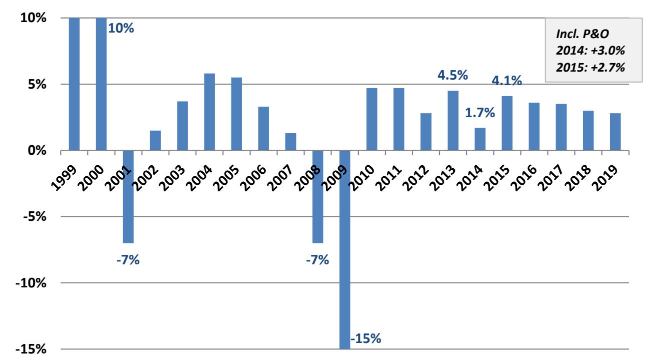
Exhibit 20 – Long-Term Ad Spend Forecasts (All Media, excl. P&O) ($B)



Source: Magna Global Advertising Forecast, Feb 2015

- Growth in the overall market since 2010 masks the underlying shift from legacy to digital/internet revenues.

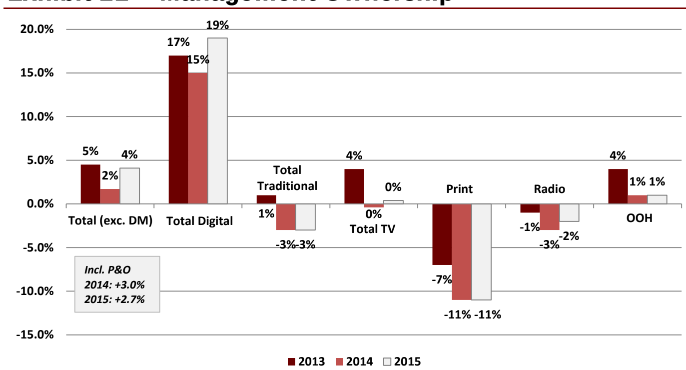
Exhibit 21 – Long-Term Ad Spend Forecasts (All Media, exl. P&O) (y/y %)



Source: Magna Global Advertising Forecast, Feb 2015

- Looking at the performance of the media category over the past two years and the growth forecast for 2015 serves to highlight the paradigm shift.

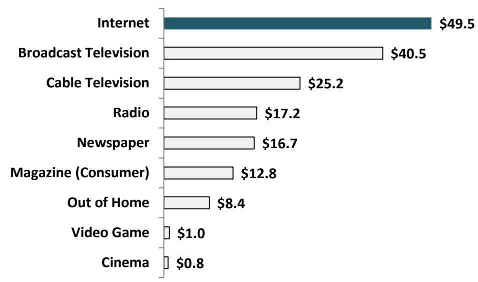
Exhibit 22 – Management Ownership



Source: Magna Global Advertising Forecast, Feb 2015

- **Advertising Market Share by Media:** 2013 marked a key changing of the guard as the US internet advertising market surpassed the traditional broadcast television networks with syndicated and spot advertising revenues. While not quite as catchy, adding cable television advertising to the comparison puts internet advertising at 75% of overall television advertising.

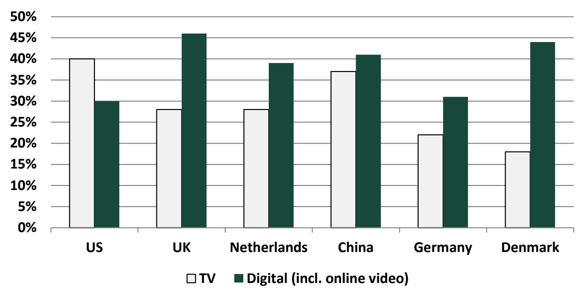
Exhibit 23 – Advertising Revenue by Media



Sources: IAB/PwC Internet Ad Revenue Report, FY 2014; PwC

- While the US has undergone a dramatic shift towards digital, it is worth noting that it continues to lag other international markets in the shift. This suggests more room to advance.

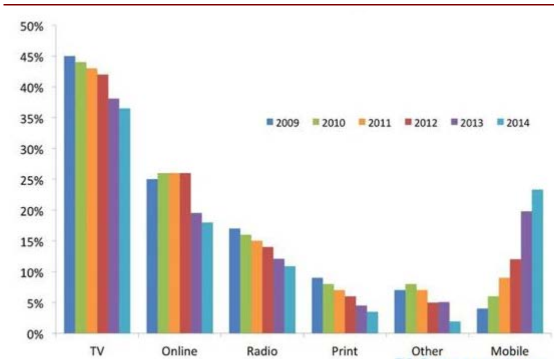
Exhibit 24 – Share of Total Advertising Revenues in Selected Markets (2014)



Source: Magna Global Advertising Forecast, Feb 2015

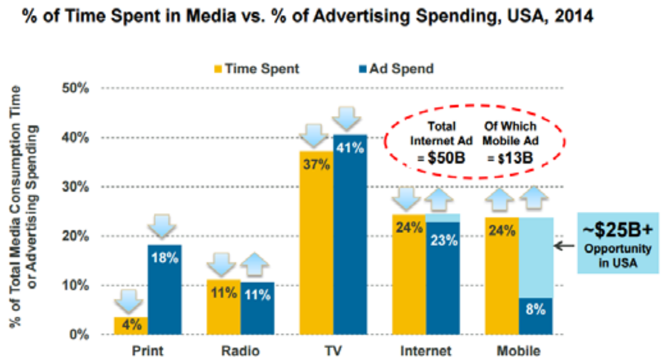
- We give huge marks to Mary Meeker and Kleiner Perkins Caufield Byers for their charts depicting share of advertising against share of consumer. We have included the recently updated 2015 report (overleaf) and we are confident that the gap remains substantial, albeit having narrowed y/y with the outperformance of overall internet advertising ahead 16% and mobile advertising ahead 76% y/y, against overall US advertising growth at 4.8% in 2014 according to ZenithOptimedia (source: Adage December 08/14). For perspective, ZenithOptimedia forecasts overall ad spending to advance 3.8%/4.2% and 3.7% in 2015/16and 2017, respectively.

Exhibit 24.1 – US Consumer Media Consumption Share – Shift to Mobile from traditional broadcast model.



Source: *eMarketer, April 2014*

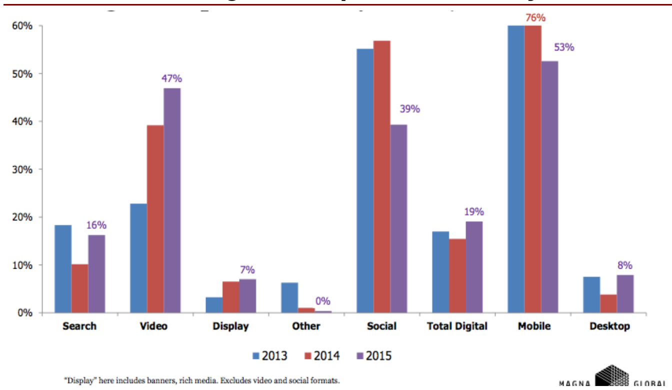
Exhibit 25 – Narrowing the % of Time Spent in Media vs. % of Advertising Spending Gap



Source: KPCB Internet Trends of 2015 – Code Conference, May 27, 2015

2015 forecasts see a further shift with the total digital market forecast to gain ~19% against an overall market advance of ~4.1%. While the overall growth of digital at ~19% reflects a narrowing of the consumer time spent share versus advertising share, the underlying outperformance of mobile, social and video warrant specific highlighting.

Exhibit 26 – US Digital Ad Spend: Growth by Format/Platform

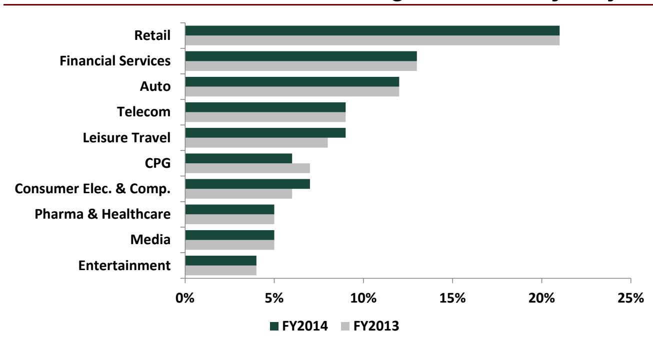


Source: Magna Global Advertising Forecast, Feb 2015

Internet Advertising by Major Industry Category

- When reviewing the major industry categories, it should be noted that the retail category is the largest at 21%. Snipp has tended to focus more on the consumer and packaged goods sector at 7% (although ahead from 6%) and pharma & healthcare at 5% where it has successfully run campaigns. The financial services and leisure travel at 13% and 8%, respectively, have historically been very heavy loyalty program markets and as such are likely to be a focus as Snipp rolls out its loyalty services.

Exhibit 27 – Internet Advertising Revenues by Major Industry Category – 2014 vs 2013

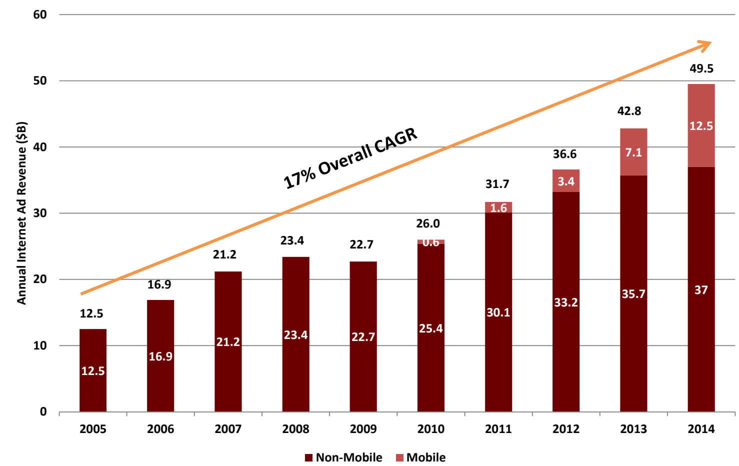


Source: IAB/PwC Internet Ad Revene Report, F2014

Internet Ad Revenue Growth – Mobile picks up as Desktop Matures

- Annual internet advertising revenues added $6.7B or 15.6% to reach $49.95B with strong momentum for Q414 where y/y growth was 16.9% and q/q growth was 15.9%.
- The 10-year annual growth rate (CAGR) over the past 10 years stands at 17% against an environment of 3% current dollar GDP growth.
- The sustained growth has seen a maturing of non-mobile growth that has been more than offset by growth in mobile advertising. Taking the 2010-14 period, the mobile CAGR at 110% has seen its emerge to grab a 25% share of the expanding market as the non-mobile digital advertising has advances at a CAGR of 10% over the same period. **Snipp's focus on mobile is a clear advantage.**

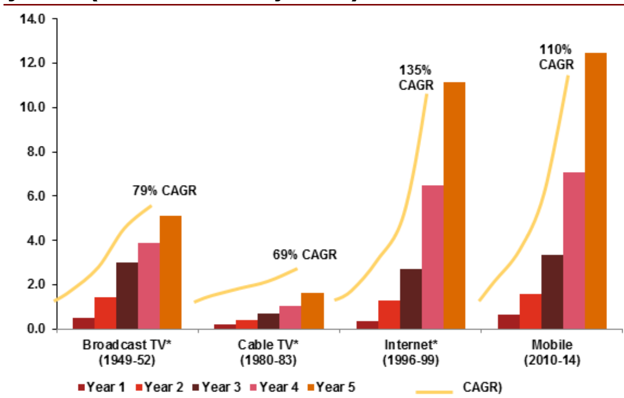
Exhibit 28 – Annual Revenue 2005-2014 ($B)



Source for GDP growth: U.S. Bureau of Economic Analysis, "Table 1.1.5. Gross Domestic Product," (accessed March 31, 2015)

Mobile Growth – Impressive but…. the Internet surpassed in its formative five first years.

Exhibit 28.1 – Comparative US advertising media annual ad revenue growth for the first five years. ($B inflation adjusted)

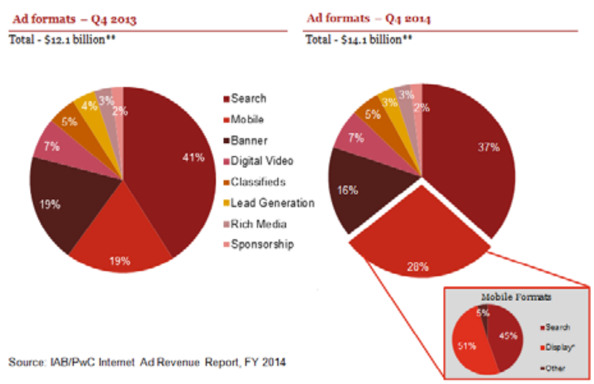


Source: IAB/PwC Internet Ad Revenue Report, F2014; McCann-Erickson

Ad Format – Mobile Gains 9 pts for Q414 vs. Q413 – Plays to Snipp's Strength.

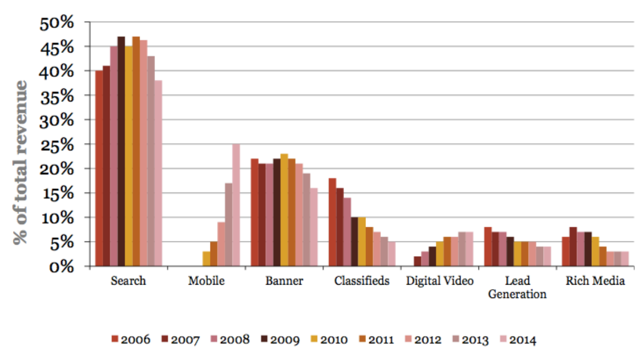
- Mobile gained 9 share points to reach 28% for Q414 taking share from Search (down 4 points to 37%) and Banners (down 3 to 16%).
- The capabilities, adoption and declining data charges associated with mobile clearly support the shift in desktop computer searches over to mobile. The mobile format mix at 51% display and 45% search is also important as the search component is more closely aligned with consumers using mobile for product reviews while shopping.
- The shift to mobile clearly plays into Snipp's positioning where the primary engagement is through the mobile phone and the strength in receipt recognition empowers Snipp's sales proposition.

Exhibit 29 – Ad Formats Q4 2013 vs Q4 2014



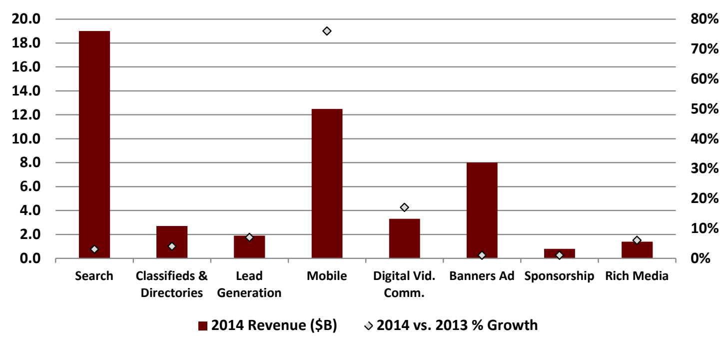
Source: IAB/PwC Internet Ad Revenue Report, F2014

Exhibit 29.1 – Historical Trends in Internet Advertising Formats – Revenue Share by Major Ad Formats, 2006-2014



Source: IAB/PwC Internet Ad Revenue Report, F2014

Exhibit 30 – Advertising Formats – 2014 Results and Growth rates

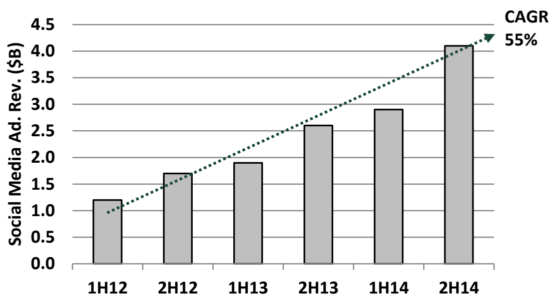


Source: IAB/PwC Internet Ad Revenue Report, F2014

Social Media Advertising

- Social Media advertising reached $6B for 2014, ahead 33% from $4.5B in 2013. The category has recorded a 55% CAGR over the 2012-14 period. We note that the social media networks are striving to increase the video advertising component to supplement growth.
- The growth in social media is important from the perspectives of the overall strength of digital advertising as a category and with Snipp increasingly looking to take brand programs deeper into loyalty and social networking engagement.

Exhibit 31 – Social Media Advertising Revenue 2012-2014 ($B)

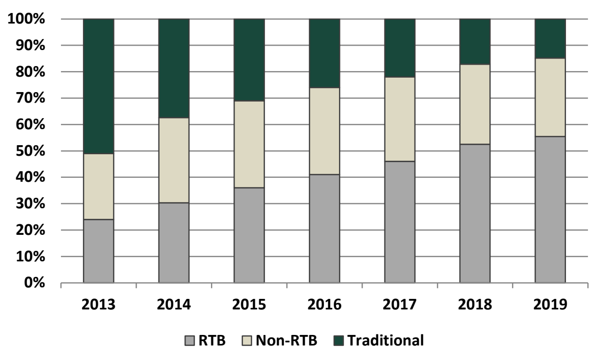


Source: IAB/PwC Internet Ad Revenue Report F2014.

Programmatic Forecasts: A Reflection of the Disruption in the Market

Brands and agencies alike are challenged by the shift to digital platforms and with it the onslaught of programmatic advertising buying. We believe that these shifts will lead to further industry disruption where new digital marketing firms with big data and digital DNA will emerge as key players as targets and consolidators.

Exhibit 32 – US Programmatic Forecasts



Source: Magna Global Programmatic Report, October 2014

Appendix Five – Industry Peer Profiles, Tearsheet Comparables

US Peers

Criteo SA (CRTO-US, NR) engages in digital performance marketing and leverages granular data to engage and convert customers on behalf of its ecommerce clients. The Criteo Engine Solution includes prediction algorithms that predict the probability and nature of a user's engagement with a given advertisement coupled with recommendation algorithms that create and tailor advertisements to specific user interest through dynamically modifying the advertisement's creative content and presentation, and determining the specific products and services to include in the advertisement. The company's Criteo Engine solution also comprises software systems and processes that enable data synchronization, storage, and analysis of distributed computing infrastructure in multiple geographies; bidding engine for executing campaigns based on objectives set by the clients; dynamic creative optimization; and experimentation platform, an offline platform to enhance the prediction abilities of its models.

Criteo has a complete hosted solution which captures real-time shopping intent data. It is a fully automated, multi-channel real-time customer engagement platform, a pure performance CPC model with post click attribution producing highly integrated direct relationships with clients. The company has been generating $17B of post click sales for its customers in 2014, which is an average ROI of 17:1. Criteo boasts a 90% customer retention rate.

Criteo SA has a market cap of c. $2.7B. In 2014, the company had 68% revenue y/y growth in reaching $333.3M (2013 63%, 2012 89%) and 168% EBITDA y/y growth to achieve $87.2M for a 26.2% margin (y/y EBITDA growth 2013 186%, 2012 11.1%) while EPS for 2014 came in at $0.62. Consensus expectations for 2015 forecast revenue/EBITDA at $506/$130M, ahead 51.8%/61.3% with the margin at 25.7%. The shares are ahead 18.8% YTD leaving them valued at 2.9x/18.4x/36.0x consensus 2015 revenues/EBITDA/EPS.

comScore (SCOR-US, NR) provides digital media analytics products and services for media agencies across North America, Europe, South America, and Asia. Its analytics platform provides customers with insights into consumer behaviour and demographics. comScore's platform includes proprietary databases, software, and a computational infrastructure that analyzes and reports digital activity. The company also provides products that measure cross-platform behaviour (i.e., PCs, tablets, smartphones, etc.) and products for enterprises, such as Digital Anlytix, a SaaS based product for digital media businesses. The company also offers advertising products (AdEffx Suite and Media Planer 2.0), Validated Campaign Essentials (for analysis of digital impressions), and comScore Industry Trust (allows buyers to conduct buys based on trusted metrics). It serves Internet-based companies, and companies in a range of industries, such as Internet service providers, investment banks, creative media agencies, consumer banks, wireless carriers, pharmaceutical manufacturers, credit card issuers, and consumer packaged goods companies.

Q115 revenue was $87.3M, up 13.6% y/y from $76.9M. Q115 adjusted EBITDA was $21.3M, up from $17.0M in Q114 (+25% y/y) and reflecting EBITDA margin of 24% against 22% a year ago. comScore added 46 net customers in Q414 and 58 new MMX multi-platform clients (total of 506 MMX MP customers). comScore customers also have a consistent renewal rate above 90%. Consensus estimates place 2015 revenue/EBITDA forecasts at $374.1M/$91.0M for y/y growth of 13.6%/20.0%. **Share performance YTD has seen an increase of $10.39 (22.38%), with the share price standing at $56.84 supporting a market capitalization of $2.3B.** comScore is valued at 6.1x/25.3x/34.6x consensus 2015 revenue/EBITDA/EPS.

YuMe Inc. (YUME-US, NR) provides digital video brand advertising in the US and globally. The company's proprietary technology provides brand advertisers with the ability to target various audiences across different connected spaces and devices. YuMe offers software solutions to monetize professionally-produced content and applications for digital media properties. The company also enables digital video advertising by matching relevant audiences with appropriate advertising campaigns from customers. YuMe has partnered with a third party research partner to measure behaviour in audiences and have completed more than 145 brand studies across 9 categories since 2010. YuMe has long-standing partnerships with 106 advertisers that have spent over $1M and a further 18 that have spent over $5M.

Full year 2014 revenues/EBITDA at $329.1/$75.9M represented gains of 14.7%/26.3% with the EBITDA margin at 23.1% against 20.9%. Revenue in Q115 was $87.3M, ahead 13.5% from $76.9M in Q114 with

EBITDA at $21.3M ahead 38.3% from $15.4M in Q114. Consensus expectations for 2015 forecast revenue/EBITDA at $374.0/$91.0M, ahead 13.6%/20.0% with the margin at 24.3%. Share performance YTD has seen a modest decline of 3.6% (18 cents) and currently sits at $4.86 supporting a **market capitalization of c. $2.3B** and the shares valued at 6.7x/23.7x/37.1x consensus 2015 revenues/EBITDA/EPS.

RetailMeNot Inc. (SALE-US, NR) with it **market cap of ~$1.1B, is roughly on par with the market cap for Coupons.com.** The company claims to be the world's largest marketplace for digital offers. RetailMeNot focuses on the large retailer segment of the market where the brand traction and the breadth of product availability allows the company to offer relatively smaller discounts than other sites. The market place is partially community sourced, meaning that members of the community independently find coupons and post them to the site. The marketplace has 60K retailers and about 500K coupons that are active at any one point in time. The company operates a digital coupon marketplace which connects consumers with retailers and their brands. The company owns and operates digital coupon websites including RetailMeNot.com (US), VoucherCodes.co.uk (UK), Bons-de-Reduction.com (FR), Pulpeo.com (FR), and Ma-Reduc.com (FR). These websites, mobile applications, email newsletters, alerts and social media presence enable consumers to search for, discover, and redeem relevant digital offers from retailers and brands for various product categories comprising clothing and shows, electronics, health and beauty, home and office, travel, food and entertainment, personal and business services.

RetailMeNot Inc. has a market cap. of c. $1.1B. In Q115, revenues fell 1.4% y/y to $60.4M from $61.3M. EBITDA decreased from $21.4M to $18.7M y/y, reflecting EBITDA margin of 31.0%. For 2014, revenue growth y/y was 26.1% to reach $265M (2013 45%, 2012 80%). EBITDA declined 0.2% y/y for 2014 to $93.9M (35.4% margin) following modest growth of 5.6% in 2013 (2012 27.8%). EPS for 2014 was $0.49 versus $0.23 in the prior year. Consensus expectations for 2015 forecast revenue/EBITDA at $281/$97.5M, ahead 6.3%/3.8% with the margin at 34.6%. The shares have declined YTD -27.31% leaving them valued at 3.4x/10.8x/19.9x consensus 2015 revenues/EBITDA/EPS.

Coupons.com Inc. (COUP-US, NR) is a **$1B market cap** player in the digital coupons market. The company operates a promotion platform that connects big brands, retailers, and customers through the web, mobile and social channels. The company's core product is its Coupon.com platform where it offers the customer a chance to obtain Coupon Codes, Card Linked Offers, and Loyalty Coupons. The company distributes coupons through mobile applications, retailer platforms, and POS systems. The company targets the platform entirely for CPGs and retailers. Partners have the option of having Coupons.com host their entire infrastructure and environment or they can build their own application into Coupons.com's infrastructure with the client's own applications on top of the Coupons.com deck. The company's other product, the Retailers iQ app, is designed to take the offline mass distributed trade promotion platform suited for mass broadcasting and make it personalized and much more targeted.

The coupon market does about $6.5B (315B coupons) annually, of which 98% are distributed through newspaper and shared mail. Roughly 10% of coupon redemptions are done digitally in the US, most of which are through Coupons.com. Coupons.com did 1.3B transactions in 2014.

Its main site, Coupons.com, receives on average more than 17M unique visitors monthly with consumers accessing through their Coupons.com and grocery IQ mobile apps. Coupons.com focuses on CPGs. CPGs distribute 315B coupons annually of which 1.3B go through Coupons.com. The CPG trade promotions spend is estimated at $200B.

The company's scale of retailer, publisher, CPG company relationships and consumer traffic are the key competitive advantages together with a growing database for analytics in support of Coupons.com's position as a leading platform integrating CPGs, retailers, consumer, and data. The company has retail relationships with approximately 58,000 store locations and a robust intellectual property portfolio. The company also has proprietary data on consumers, access to purchase intent and final purchase data across network. It has an extensive publisher network with approximately 30,000 publishers. It has over 2,000 brands that have used the platform, from more than 700 consumer packaged companies (CPGs) and many of the leading grocery, drug and mass merchandise retailers. The company delivers digital coupons to shoppers, including pintable coupons, save-to-card, and coupon codes for e-commerce. It also sells advertising for online and mobile properties.

Coupons.com Q115 revenue rose 7.9% y/y to $55.6M from $51.5M, with EBITDA of $4.0M with EBITDA margin of 7.2%. 2014A revenue increased 32.1% y/y to $221.8M from $167.9M (2013 +49.7%, 2012 +22.8%), with EBITDA of -$24.0M reflecting a margin of 10.8%. Consensus expectations for 2015 forecast revenue/EBITDA at $270/$37M, ahead 21.7%/54.2%. The shares have declined YTD -27.31% leaving them valued at 3.7/16.9/41.1x consensus 2015 revenues/EBITDA/EPS.

Tremor Video (TRMR-US, NR) offers programmatic solutions for brand advertisers and publishers through its proprietary VideoHub technology. VideoHub analyzes in-stream video content, detects viewer and system attributes, and leverages its database of video ad campaigns. Further, the tool provides access to advanced analytics and real-time measurement tools. In 2014, Tremor launched its demand side platform (DSP), enabling advertisers and agencies to plan, buy, optimize and measure video ad campaigns. The platform enables dynamic purchase of individual ad impressions using RTB (real-time bidding technology). SSP, the Company's supply side platform, enables programmatic sales efforts and automating workflow.

Market: Total US advertising spend in the US is expected to grow at a 5% CAGR, from $180B in 2014 to $221B in 2018. However, video advertising growth is forecast to outpace traditional advertising spend, growing at a 21% CAGR from $6B to $13B.

In Q115, Tremor Video reported total revenues of $40.6M, ahead 16.4% y/y from $34.9M in Q114. Gross profit was $16.2M against $11.9M in the year ago period, with gross margin expanding 5.7 percentage points to 39.9%. EBITDA for the quarter was -$3.9K compared with -$4.6K a year ago. Consensus expectations for 2015 forecast revenue/EBITDA at $196.4M/-$5.4M represent an increase of $36.9M/$5.5M. YTD, Tremor Video has declined 12.5% supporting a **market cap of ~$135M**. Shares are valued at 0.4x/NM/NM consensus revenue/EBITDA/EPS.

ReachLocal's (RLOC-US, NR) digital marketing solution helps local businesses move advertising spend from traditional media to online search, enabling them to acquire and retain customers online. The company aims to provide a single unified digital marketing suite to address small to medium sized businesses' (SMB) marketing needs. Its products fall into three categories: software (ReachEdge and Kickserv), digital advertising (ReachSearch, ReachDisplay, and ReachRetargeting), and web presence (ReachSite, ReachSEO, ReachCast, and TotalLiveChat). ReachEdge (launched in 2013) offers an integrated solution for customers, providing marketing automation and lead conversion software.

The Company cites approximately 600K businesses in North America, with an addressable market for online marketing services to SMBs at $24M. It targets companies with 10-30 employees, $1-10M in revenues, and a minimum ad spend of $40K.

In Q115, ReachLocal posted revenues of $99.6M, a decrease of 20.2% over the prior year period from $124.7M. Gross profit in the quarter was $43.3M (43.5% GM%), down from $61.3M (49.2% GM%) a year ago. EBITDA fell from $2.3M in Q114 to -$3.8M in Q115. ReachLocal attributed the lower y/y results to its transition to a new sales model, leaving the company with a constrained salesforce. Consensus places 2015 revenue/EBITDA forecasts at $405.6M/-$3.1M, down $69.4M/$6.4M y/y. The company's share price has decreased 16.4% YT supporting a **market cap of ~$84M**. Shares are valued at 0.1x/NM/NM consensus 2015 revenue/EBITDA/EPS.

Mobiquity Technologies (OTCPK:MOBQ) operates a location-based mobile advertising network. Currently, Mobiquity has deployed its mall-based beacon network in 240 Simon Mall locations to create "smart malls" and enable clients to create more personalized marketing content to drive brand awareness. It covers 7,500 unique retailers encompassing over 37K storefronts. The company plans to expand offerings to stadiums, arenas, college campuses, airports, and retail chains. Mobiquity also operates Ace Marketing & Promotions, a New York based brand development company supported by a suite of integrated marketing solutions.

The company has agreements with Simon Properties (initiated April 2011 and expiring December 2017) to install Bluetooth proximity marketing equipment covering approximately 240 Simon malls, a license agreement with Macerich (initiated April 2015) to install Mobi-Beacons across approximately 55 malls, and a Joint Initiative Agreement with IBM (initiated April 2015, two-year term with potential for extension) to jointly develop solutions for mall-based tenants, including retail clients.

Revenues during Q115 fell from $626.6K to $515.4K y/y. Gross profit decreased to $78.0K (15% GM%) from $120.7K (19.3% GM%) in the prior period. EBITDA for the quarter was -$2.4M compared with -$2.3M in Q114. In 2014, revenues increased 3.2% y/y to $3.3M from $3.2M. Gross profit for the year ended 2014 was $1.2M up from $1.0M in 2013, with gross margin% increasing from 32.1% to 35.4%. EBITDA loss increased to -$9.7M from -$5.6M in 2013. Mobiquity's share price has fallen 19.4% YTD leaving its **market cap at ~$21M.**

Canadian Peers

Aimia (AIM-T, NR) provides marketing and loyalty analytics. The Company provides clients with customer insights to enable them to make data-driven decisions. The Company gathers data through permission-based data analytics for programs run by Aimia. Data is collected from individual companies, financial institutions and loyalty rewards programs. Aimia works with clients through: (i) Coalition Loyalty, (ii) Proprietary Loyalty, and (iii) Analytics and Insights. Coalition Loyalty is a program that brings together partners in a loyalty rewards program. The partners can then pool data and gain deeper customer insights. Aimia can evolve programs to adapt to changing consumer behaviour and client needs. Proprietary Loyalty provides individual companies with proprietary programs and support. Aimia designs, launches and operates programs and also creates incentive programs and loyalty solutions. Finally, Analytics and Insights provides analytics services to other clients by drawing transactional, behavioural and contextual data collected through Aimia's programs and technology. The company uses data to find patterns and insights that enable clients to better predict customer behaviours. Aimia estimates the annual global loyalty market to be at approximately $160B.

In 2014, total revenues were $2.4B, up 6.9% y/y from $2.3B. Gross billings from sale of Loyalty Units were $2.0B (2013: $1.7B, +17.4% y/y), comprising 74.8% of total revenues. Gross profit for the year increased to $862.7M from $371.8M in 2013, with gross margin% expanding to 34.9% from 22.2% y/y. Adjusted EBITDA increased to $316.4M in 2014 from $150.5M in 2013. EPS was -$0.35, compared with -$2.95 last year. Consensus estimates for 2015 forecast revenues/EBITDA of $2.6B/$234.0M, for y/y change of 4.1%/-26.0%. Share performance YTD has seen modest increase of 3.16% to $14.71, supporting a **market cap of $2.0B.** Shares are valued at 1.0x/9.9x/17.1x consensus 2015 revenue/EBITDA/EPS.

Slyce Inc. (SLC-T, NR) is an image recognition and visual search technology company that provides imaging technology visual search software that allows consumers to purchase products at the point of viewing them in a store or online. Its visual search platform has been developed to integrate with retail brands and digital content providers to give its customers the ability to discover and purchase products by taking photographs with their smartphones, or clicking images on their smartphones or desktop Web browsers. The company targets retailers, brands and content creators, eTailers, and third-party mobile app developers in North America, Europe, and Asia. Slyce Inc. is headquartered in Toronto, Canada. **The company's best product due diligence is arguably in the positive recognition of clients including JCPenny, Neimen Marcus and Tilly's.** The company has not disclosed the official name of another prospective client other than referencing that it has signed a contract with a Fortune 50 company for a program expected to launch later this year. Slyce states in its filings that it has a significant business development pipeline of numerous retailers, brands, publishers and third-party technology companies and that proof-of-concept integrations have been completed with six of North America's largest retailers.

For the three months ended January 31, 2015, Slyce reported revenues of $114K with $107K from its affiliate revenue and proof-of-concept services with its initial customers. Looking ahead, Slyce targets revenues from ongoing product integration fees, licencing fees, and a pay-for-service revenue model based on the number of visual searches conducted. For online publishers, mobile app companies and Slyce's own consumer mobile apps (Pounce and SnipSnap), revenue will be driven by software licensing fees and affiliate commissions.

The company's technology includes image recognition capabilities that allow participating merchants to make any product from their inventory, websites or catalogues "purchasable " by taking a picture of that item or a similar item.

Slyce looks at its technology across the following four categories:

- **Image** – Client product recognition is integrated with Slyce's commercial Application Programming Interface ("API") for mobile object recognition using its image recognition technology. Slyce indicates that all technical documentation has been created for the architecture and deployment of the service.
- **Direct to Consumer App** – DCA is Slyce's proprietary shopping application. It is currently in beta testing with a full Graphical User Interface ("GUI"), system architecture documents, and a deployable Android Application Package ("APK") file available for proof-of-concept testing and review.
- **Mobile** – Slyce has built a custom mobile SDK for both iOS and Android that will allow clients to use Slyce's image recognition service via the camera feature of the consumers' mobile phones. The camera SDK is currently commercially available.
- **Publisher Widget** – The publisher widget is currently in a beta stage for internal testing purposes. Where the GUI design and preliminary system architecture documents are available.

The company's shares have declined 46% YTD leaving its market cap at $56.1M. The company completed the issuance of 18.86M common shares including the over-allotment of 2.46M shares at $0.46 on May 14th raising gross proceeds of $8.7M. Consensus forecasts Slyce's 2015 revenue/EBITDA at $5.5M/-$5.0M, for growth of $5.4M/$3.63M. The shares are valued at 11.6x 2015 EV/Sales.

Engagement Labs (EL-TSXV, NR) provides SaaS modules that support the social marketing cycle. Its core product eValue™ is an analytics tool that pulls together everything a brand does and "distils" it into a single number or index. Engagement Labs' key product is dependent on data from social networks and third parties. For the year ended December 31, 2014, revenue increased 16% on a prorated basis from the previous year (prior year was just 7 months) and revenue was up 21% compared to the previous quarter, ended September 30, 2014. For the year ended December 31, 2014, the company had a net loss from continued operations of $7,446,872 compared to a net loss of $1,646,243 for the seven-month period ended December 31, 2013. Gross margin for the quarter decreased from 39% in December 2013 to 38% in December 2014. EBITDA was down from -143.4% to -299.8% on an annual-basis. EPS for the 12-months ended December 31, 2014, was -$0.49.

On July 22, 2014, Engagement Labs acquired Entrinsic Partners, a social media analytics and communications agency. Entrinsic contributed $710,761 to revenue and contributed a loss of $195,257 for the period post-acquisition. Total expenses associated with the integration of Entrinsic were $714,626. If the acquisition were at the beginning of the year (Jan. 1, 2014), management estimates Entrinsic would have contributed $1,764,071 in revenue and $312,623 towards operating loss. On December 19, 2014, Engagement sold its wholly-owned subsidiary, Edu-Performance Inc. for $300K with $100K upfront and the remaining amount will be paid evenly over a 36-month period.

Consensus expectations for 2015 forecast revenue/EBITDA at $3.4M/-$4.31M, for y/y growth of 20.1%/NA. Year-to-date share price is up 14.89%, from 49 cents to 54 cents (as of May 15, 2015) leaving the **market capitalization at ~$17M** and in turn valuing Engagement Labs at 6.7x/NM/NM consensus 2015 revenues/EBITDA/EPS.

AcuityAds (AT-T, NR) provides digital advertising solutions and has developed a proprietary programmatic marketing platform that utilizes artificial intelligence to connect digital advertisers to consumers across several networks (mobile, internet, social and video channels, etc.). AcuityAds' machine enhances its learning capabilities through mining third-party and proprietary databases that enable the company's bidding engine to purchase and place online consumer adds in a cost effective manner while back-end analytics provide consumer ROI measurement. The company's programmatic marketing platform allows advertisers to take advantage of real-time bidding for cross-platform advertising. The company boosts sub four-hour data refresh as a competitive advantage against its peers.

The programmatic advertising market moved from 24% to 30% of the online advertising sector in 2014 over 2013 with industry forecasts suggesting further penetration gains towards 56% looking out to 2019 according to Magna Global (see exhibit 35 page 34). It should be noted that programmatic advertising is rapidly gaining share in an overall growth market. While the programmatic buying has been primarily associated with digital advertising thus far, industry experts and participants speak to early efforts to move onto the holy grail of programmatic buying of television advertising.

Revenue for the just reported Q115 advanced 9.8% to $3.0M following on the 34% y/y gain recorded for the full year 2014 where revenues were $13.6M, up from $10.2M in 2013. Q115 EBITDA was a drain of -$1.0M following a drain of -$0.4M for Q114. For the full year 2014, EBITDA was -$4.8M. EPS for the 12 months ended December 31, 2014, was -$0.36. On July 16/14, the company completed an RTO of Wildlaw Capital CPC 2 Inc., a capital pool company. Consensus forecasts for 2015 have revenue/EBITDA at $18.0M/-$2.13M for y/y revenue growth of 32%. Year-to-date stock price is $0.79, up 27.4% from $0.62 on January 1, 2015 (as of May 15, 2015), valuing AcuityAds **market capitalization at $15M** valuing the company at 1.22x consensus 2015 revenues.

3 Tier (TTM-T, NR) market cap stands at ~$13M. 3 Tier (3TL) has two key lines of business. It has developed a Saas platform for CPG and agency campaigns with receipt recognition and data analytics to run campaigns and redemptions. The product suite supports full integration with social network and loyalty engagement allowing the CPG to extend on the client relationship and broaden its reach. We expect Snipp and 3 Tier to both capture the growth of the receipt driven campaign market.

The company is also building out its shopping mall product suite where success with its first trial at the Guildford mall is expected to lead to further account wins. The first pilot recorded significant mall traffic and sales increases coinciding with the website engagement. The business benefits from initial pilots of $30-$50K with positive margins that were successful can lead into ongoing recurring revenues business with annual revenues at ~80%+ of the pilot and margins at 90%+.

The consumer content marketing platform enables businesses to access their customer's brand loyalty and use the customers to drive online presence (typically: Facebook. Twitter, Instagram) through a loyalty and rewards system which rewards people for posting credible and relevant content to their online social connections. Its competitive advantage would be enabling the consumer through the use of its platform to carry them onto Facebook news feeds with the value proposition being a referral from a friend. The company is currently targeting big brands (Oakley [Private], Monster [MNST-US, NR], Disney [DIS-US, NR], BMW [BMW-GR, NR]) and retail outlets (Wet Seal [WTSLQ-US, NR] and Guildford Mall).

For the TTM shares have declined -52% YTD leaving its **market capitalization at ~$13M**. The company originally achieved scale and profitability working with brands such as Monster Energy. With customer support and contracts, 3TL engaged in a strategic repositioning to attack the opportunity it saw building out a Saas business platform. Consequently, financial results for 2013 and 2014 suffered with the need to develop the product while sacrificing legacy revenues ahead of the new SaaS revenues gaining scale. Consequently, y/y revenues declined 50.8% for 2014 to $0.3M following a 45.3% decline for 2013. During a year of investing in its new product, the company reported negative EBITDA at $2.2M for 2014. Q115 sales were $333K against $310K in 2014 when the new product was launch. Q115 recognized revenue increased 7.6% y/y to $0.09M, up from $0.08M. EBITDA was -$0.9M, compared with -$0.4M a year ago.

Intema Solutions (ITM-T, NR) provides services to help customers optimize online marketing activities including website programming and email marketing integrated with predictive analytics and search engine marketing. The company's technologies include its Predictive marketing engine, Konversation, and eFlyerMaker. The Predictive Marketing Engine allows brands to collect nominal and behavioural data for each customer. The tool then provides individualized email content and anticipates subscriber needs. Konversation is a web-based solution that integrates relationship marketing activities. The eFlyerMaker provides a comprehensive solution for website content management, email campaign management, email blast module with fast distribution, and integration with other data sources.

Revenues for Q115 were $0.34M, up from $0.28M in Q114. Gross profit was $0.18M, down from $0.22M a year ago, with gross margin% at 53% compared to 76.9% a year ago. Q115 EBITDA was -$0.27M, compared with $0.03M in Q114. EBITDA margin declined to -79.4% from 12.2% last year. 2014 revenues were $1.7M against revenues of $1.1M in 2013 (+58.3% y/y). Gross profit was $0.4M compared with $0.3M in 2013. Gross profit margin expanded 7.6 percentage points y/y to 78.9%. EBITDA for the quarter was $0.3M (17.7% EBITDA margin%), up from -$0.2M (-17.8% EBITDA margin%) in 2013. Intema's share price has increased 81.3% YTD from $0.08 to $0.15 putting its **market cap at ~$10M.**

Appendix Six: Scenario Forecast Summaries

Organic Scenario		F2014E	F2015E	F2016E	F2017E	F2018E	F2019E	F2020E
Total	Upside	3.56	15.69	25.84	26.89	32.80	38.81	44.79
Revenue	Target	3.56	15.50	25.23	25.63	30.68	35.61	40.31
($M)	Downside	3.56	14.46	22.67	21.83	25.37	28.60	31.52
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
Campaign	Upside	1.62	5.59	8.76	11.25	14.91	19.01	23.29
Revenue	Target	1.62	5.40	8.36	10.51	13.66	17.08	20.50
($M)	Downside	1.62	4.36	6.02	7.21	9.19	11.26	13.23
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
Redemption	Upside	1.94	8.65	14.53	12.45	14.01	15.06	15.81
Revenue	Target	1.94	8.65	14.32	11.94	13.13	13.79	14.13
($M)	Downside	1.94	8.65	14.10	11.43	12.29	12.60	12.60
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
Loyalty, Other	Upside	0.00	1.45	2.55	3.18	3.88	4.74	5.69
Revenue	Target	0.00	1.45	2.55	3.18	3.88	4.74	5.69
($M)	Downside	0.00	1.45	2.55	3.18	3.88	4.74	5.69
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Upside	-3.10	-0.17	4.26	4.41	7.33	10.58	13.90
EBITDA	Target	-3.10	-0.36	3.78	3.46	5.73	8.14	10.44
($M)	Downside	-3.10	-1.40	1.39	0.01	0.99	1.91	2.64
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Upside	-0.21	0.03	0.18	0.14	0.16	0.17	0.19
CAPEX	Target	-0.21	0.03	0.18	0.14	0.16	0.17	0.19
($M)	Downside	-0.21	0.03	0.18	0.14	0.16	0.17	0.19
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Upside	-$0.07	$0.00	$0.05	$0.05	$0.08	$0.11	$0.15
EPS	Target	-$0.07	-$0.01	$0.04	$0.04	$0.06	$0.09	$0.11
	Downside	-$0.07	-$0.02	$0.01	$0.00	$0.01	$0.02	$0.03
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Upside	-4.00	-0.47	4.95	4.53	7.51	10.79	14.14
FCF	Target	-4.00	-0.66	4.46	3.58	5.89	8.32	10.64
($M)	Downside	-4.00	-1.72	2.01	0.09	1.10	2.05	2.79
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Upside	-1.13	-10.58	-15.60	-21.33	-30.13	-42.37	-58.24
Net Debt	Target	-1.13	-10.39	-14.93	-19.70	-26.86	-36.59	-48.87
($M)	Downside	-1.13	-9.36	-11.53	-12.77	-15.05	-18.32	-22.46

Acquisition Scenario		F2014E	F2015E	F2016E	F2017E	F2018E	F2019E	F2020E
Total	Aggressive Acquisition	3.56	15.50	45.23	67.43	96.24	127.07	160.01
Revenue	Moderate Acquisition	3.56	15.50	35.23	46.33	62.83	80.00	97.82
($M)	Base Case	3.56	15.50	25.23	25.63	30.68	35.61	40.31
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
Acquired Revenue	Aggressive Acquisition	0.00	0.00	20.00	41.80	65.56	91.46	119.69
($M)	Moderate Acquisition	0.00	0.00	10.00	20.70	32.15	44.40	57.51
	Base Case	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Aggressive Acquisition	-3.10	-0.36	7.78	11.82	18.85	26.43	34.37
EBITDA	Moderate Acquisition	-3.10	-0.36	5.78	7.60	12.16	17.02	21.94
(M)	Base Case	-3.10	-0.36	3.78	3.46	5.73	8.14	10.44
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Aggressive Acquisition	-0.21	0.03	-0.22	-0.69	-1.15	-1.66	-2.20
CAPEX	Moderate Acquisition	-0.21	0.03	-0.02	-0.27	-0.48	-0.71	-0.96
(M)	Base Case	-0.21	0.03	0.18	0.14	0.16	0.17	0.19
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Aggressive Acquisition	-0.07	-0.01	0.01	-0.02	-0.02	-0.03	-0.03
EPS	Moderate Acquisition	-0.07	-0.01	0.03	0.02	0.03	0.05	0.06
	Base Case	-0.07	-0.01	0.04	0.04	0.06	0.09	0.11
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Aggressive Acquisition	-4.00	-0.66	8.06	11.10	17.69	24.79	32.18
FCF	Moderate Acquisition	-4.00	-0.66	6.26	7.30	11.68	16.32	20.99
(M)	Base Case	-4.00	-0.66	4.46	3.58	5.89	8.32	10.64
		F2014E	**F2015E**	**F2016E**	**F2017E**	**F2018E**	**F2019E**	**F2020E**
	Aggressive Acquisition	-1.13	-10.39	5.62	24.53	44.26	64.73	86.06
Net Debt	Moderate Acquisition	-1.13	-10.39	-7.53	-3.73	-1.11	0.19	0.22
(M)	Base Case	-1.13	-10.39	-14.93	-19.70	-26.86	-36.59	-48.87

	Aggressive Acquisition	$1.43
DCF Value	Moderate Acquisition	$1.31
	Base Case	$0.90

Snipp Interactive Inc. - Valuation Analysis

All figures in $M USD, unless otherwise indicated

DCF

	2013	2014	2015E	2016E	2017E	2018E	2019E	14-19 CAGR
Revenue	0.9	3.6	15.5	25.2	25.6	30.7	35.6	58.5%
Adj. EBITDA	(0.8)	(3.1)	(0.4)	3.8	3.5	5.7	8.1	NM
Growth %	*-50.6%*	*295.6%*	*-88.4%*	*-1148.9%*	*-8.4%*	*65.5%*	*41.9%*	
D&A	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	
Capex	(0.1)	(0.2)	0.0	0.2	0.1	0.2	0.2	**Avg.**
Intensity %	*-14.8%*	*-5.9%*	*0.2%*	*0.7%*	*0.6%*	*0.5%*	*0.5%*	*-0.6%*
Cash Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Unlevered FCF	(0.9)	(4.0)	(0.7)	4.5	3.6	5.9	8.3	

- We prefer DCF valuations for our digital space over relative valuations, which leave investors exposed to group revaluations
- Our DCF valuation is driven by an 17.0% discount rate and 9.00x terminal EBITDA multiple
- The DCF produces a current/target valuation of $0.80/$0.90, from which we derive our $1.00 target
- For perspective, a 1% change in the discount rate adds $0.02/share, or 2.0%, to our valuation while a 0.5x increase in the terminal multiple adds $0.03/share, or 2.8%, to the valuation

Discount Rate %	17.0%	$Δ from 1% Δ in Disc Rate	$0.02
Terminal EBITDA Multiple	9.00x		2.0%
Terminal FCF Multiple	8.83x	$Δ from 0.5x Δ in Term Mult	$0.03
Terminal Value as % of Equity Value	56.2%		2.8%
Implied Perpetual Growth Rate of FCF	5.1%		

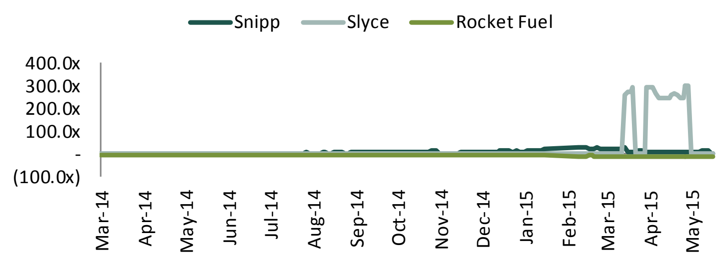
	Current	1-Yr TGT	2-Yr TGT
Enterprise Value	68.5	78.9	87.9
Net Debt	78.9	87.9	93.8
Total Equity Value	81.5	96.5	110.2
Shares Outstanding	101.8	107.3	107.3
DCF Value per Share ($)	$0.80	**$0.90**	$1.03
Current, Target Share Price ($)	$0.72	**$1.00**	$1.25
Discount % to DCF Value	10.0%	-11.2%	-21.7%

DCF Sensitivity

		Discount Rate				
		15.0%	16.0%	17.0%	18.0%	19.0%
	10.0x	$1.00	$0.97	$0.95	$0.94	$0.92
Terminal	9.5x	$0.97	$0.95	$0.93	$0.91	$0.89
EBITDA	9.0x	$0.94	$0.92	**$0.90**	$0.88	$0.86
Multiple	8.5x	$0.91	$0.89	$0.87	$0.85	$0.84
	8.0x	$0.88	$0.86	$0.84	$0.83	$0.81

Recent Performance	1Wk	1 Mth	3 Mths	YTD	1 Year
Snipp	(13.3%)	0.0%	0.0%	18.0%	350.0%
Slyce	(3.6%)	8.0%	(19.4%)	(39.3%)	NA
Mobiquity	1.7%	(6.3%)	25.1%	(9.1%)	(25.0%)
Social Reality	(5.0%)	19.2%	12.1%	4.9%	31.1%
RetailMeNot	0.5%	2.9%	13.3%	41.5%	(13.6%)
Rocket Fuel	0.0%	6.7%	(18.5%)	(47.7%)	(63.3%)

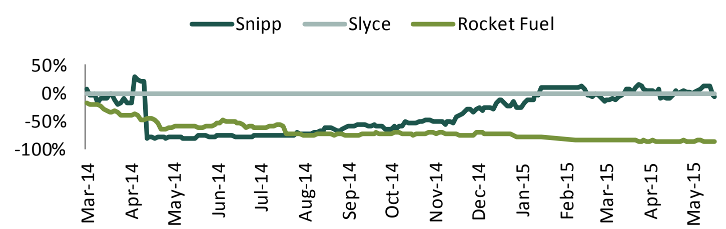
Historical Indexed EV / SALES



Multiples

	Current			Target	
	C2014	C2015E	C2016E	C2015E	C2016E
EV/EBITDA - Snipp	NM	NM	15.0x	NM	NA
Slyce	NM	NM	9.3x	NM	27.6x
Rocket Fuel	NM	164.5x	13.4x	210.9x	17.1x
Mobiquity	NA	NA	NA	NA	NA
EV/Sales - Snipp	12.1x	3.9x	2.3x	NA	NA
Slyce	30.8x	8.1x	3.1x	22.7x	9.2x
Rubicon Project	0.7x	0.7x	0.6x	0.8x	0.8x
Rocket Fuel	NA	NA	NA	NA	NA
P/CFPS - Snipp	NM	59.3x	14.0x	NA	NA
FCF Yield - Snipp	NA	NA	NA	NA	NA
Slyce	-16.1%	-5.7%	8.8%	-2.1%	3.3%
Rubicon Project	-20.1%	-11.4%	-1.0%	-9.0%	-0.8%
Rocket Fuel	NA	NA	NA	NA	NA

Historical Indexed Price Movements



**Non-coverage names reflect consensus*

Source: Euro Pacific Canada, Company Reports and Filings, Capital IQ

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Analyst Certification

Company: Snipp Interactive. **Ticker: SPN**

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