

SIYATA MOBILE INC.
(formerly Teslin River Resources Corp.)

Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at and for the three months ended March 31, 2016 and 2015

Siyata Mobile Inc.
(formerly Teslin River Resources Corp.)
(the “Company” or “Siyata”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended March 31, 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Management of the Company is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

Siyata Mobile Inc.**(formerly Teslin River Resources Corp.)**

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at

	March 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash	\$ 89,934	\$ 298,313
Trade and other receivables (Note 5)	1,792,222	1,870,623
Advances to suppliers	468,179	261,774
Inventory (Note 6)	2,182,689	3,412,852
	4,533,024	5,843,562
Non-current Assets		
Equipment	6,366	8,000
Intangible assets (Note 7)	2,814,005	2,912,000
Total Assets	\$ 7,353,395	\$ 8,763,562
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 709,646	\$ 400,976
Due to related parties (Note 16)	459,272	1,897,500
Other payables (Note 8)	451,464	315,000
	1,620,382	2,613,476
Shareholders' Equity		
Share capital (Note 9)	9,949,322	9,949,322
Accumulated other comprehensive loss	(110,064)	(668,000)
Reserves (Note 9)	951,118	738,748
Deficit	(5,057,363)	(3,869,984)
	5,733,013	6,150,086
Total Liabilities and Shareholders' Equity	\$ 7,353,395	\$ 8,763,562

Nature of Operations and Going Concern (Note 1)

Approved on May 9, 2016 on behalf of the Board:

"Gil Gurfinkel"

Gil Gurfinkel – Director

"Marc Seelenfreund"

Marc Seelenfreund – Director

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

Siyata Mobile Inc.**(formerly Teslin River Resources Corp.)**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended March 31,	
	2016	2015
Revenues	\$ 2,723,181	\$ 2,320,268
Cost of sales (Note 10)	(2,148,970)	(1,770,677)
Gross profit	574,211	549,591
Expenses:		
Research and development (Note 7)	49,972	23,445
Selling and marketing (Note 11)	241,215	322,652
General and administrative (Note 12)	305,417	151,118
Share-based payments (Note 9)	212,370	-
Total operating expenses	808,974	497,215
Total operating profit (loss)	(234,763)	52,376
Other expenses:		
Finance expense	22,802	72,544
Foreign exchange	929,814	-
Total other expenses	952,616	72,544
Net loss for the period	(1,187,379)	(20,168)
Translation adjustment	557,936	(84,895)
Comprehensive loss for the period	\$ (629,443)	\$ (105,063)
Weighted average number of shares outstanding	59,591,187	-
Basic and diluted loss per share	\$ (0.02)	N/A

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

Siyata Mobile Inc.**(formerly Teslin River Resources Corp.)**

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital Amount	Accumulated other comprehensive income (loss)	Reserves	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2014	-	\$ -	\$ (93,000)	\$ -	\$ (724,000)	\$ (817,000)
Translation adjustment	-	-	(84,895)	-	-	(84,895)
Loss for the period	-	-	-	-	(20,168)	(20,168)
Balance, March 31, 2015	-	\$ -	\$ (177,895)	\$ -	\$ (744,168)	\$ (922,063)
Contribution from Accel carve out	-	-	-	3,705,000	-	3,705,000
Shares of Siyata Mobile Inc. on RTO date	11,607,755	2,456,591	-	-	-	2,456,591
Shares issued on RTO (Note 4)	33,333,333	3,705,000	-	(3,705,000)	-	-
Finders shares on RTO	300,000	63,490	-	-	-	63,490
Exercise of warrants	3,850	1,155	-	-	-	1,155
Private placement	13,928,300	4,178,490	-	-	-	4,178,490
Share issue costs	417,849	(455,404)	-	186,581	-	(268,823)
Shares issued for incorporation of BC subsidiary	100	-	-	-	-	-
Share-based payments	-	-	-	552,167	-	552,167
Translation adjustment	-	-	(490,105)	-	-	(490,105)
Loss for the period	-	-	-	-	(3,125,816)	(3,125,816)
Balance, December 31, 2015	59,591,187	\$ 9,949,322	\$ (668,000)	\$ 738,748	\$ (3,869,984)	\$ 6,150,086
Share-based payments	-	-	-	212,370	-	212,370
Translation adjustment	-	-	557,936	-	-	557,936
Loss for the period	-	-	-	-	(1,187,379)	(1,187,379)
Balance, March 31, 2016	59,591,187	\$ 9,949,322	\$ (110,064)	\$ 951,118	\$ (5,057,363)	\$ 5,733,013

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

Siyata Mobile Inc.**(formerly Teslin River Resources Corp.)**

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended	
	March 31,	
	2016	2015
Cash provided by / (used for):		
Operating Activities:		
Net loss for the period	\$ (1,187,379)	\$ (20,168)
Items not affecting cash:		
Amortization	46,600	23,000
Finance fees	-	71,000
Share-based payments	212,370	-
Unrealized foreign exchange	949,918	-
Net change in non-cash working capital items:		
Trade and other receivables and advances to suppliers	(272,755)	(425,000)
Inventory	1,071,304	(76,000)
Accounts payable, accrued liabilities and other payables	517,682	(16,832)
Due to related parties	(1,391,716)	-
Net cash used in operating activities	(53,976)	(444,000)
Investing Activities:		
Development of intangible assets	(150,729)	(28,000)
Net cash used in investing activities	(150,729)	(28,000)
Financing Activities:		
Loans received	-	543,000
Interest paid	-	(71,000)
Net cash provided by financing activities	-	472,000
Foreign exchange effect on cash	(3,674)	-
Change in cash for the period	(208,379)	-
Cash, beginning of the period	298,313	-
Cash, end of the period	\$ 89,934	\$ -

Supplemental disclosure with respect to cash flows (Note 15)

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

Siyata Mobile Inc.

(formerly Teslin River Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at and for the three months ended March 31, 2016 and 2015

1. NATURE OF OPERATIONS AND GOING CONCERN

Siyata Mobile Inc. (formerly Teslin River Resources Corp.) ("Siyata" or the "Company") was incorporated under the Business Corporations Act, British Columbia on October 15, 1986. The Company's shares are listed on Tier 1 of the TSX Venture Exchange ("TSX-V") under the symbol SIM. As at March 31, 2016, the Company is a leading global developer of a vehicle mounted, cellular based communications platform over advanced 3G mobile networks and communication accessories (the "Business"). The corporate office of the Company is located at 1600 - 609 Granville Street, Vancouver, BC V7Y 1C3, and the registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

On July 24, 2015, Teslin River Resources Corp. ("Teslin") completed a reverse acquisition (the "Transaction") by way of a three cornered amalgamation, pursuant to which the Company acquired certain telecom operations (the "Acquired Assets") of an Israel-based cellular technology company, Accel Telecom Ltd. ("Accel") and related companies (the "Group"). The former shareholders of Accel were considered to have acquired control of Teslin. Upon closing of the transaction the Company changed its name from Teslin River Resources Corp., to Siyata Mobile Inc (Note 4).

These condensed consolidated interim financial statements include the carve-out financial statements of a carve-out entity, Siyata Israel, which present the historical financial statements of the Acquired Assets on a carve-out basis up to the date of the Transaction (Note 2). On July 24, 2015, only the intangibles and the business of the Acquired Assets was transferred. All other balances of assets and liabilities as of July 24, 2015 were kept with Accel. Balances as of March 31, 2016 and December 31, 2015 represent actual amounts owned by the Company.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has a history of losses. As at March 31, 2016, the Company has an accumulated deficit of \$5,057,363. Continuing business as a going concern is dependent upon the success of the Company's sale of inventory, the existing cash flows, and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Siyata Mobile Inc.

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(Unaudited – Prepared by Management)

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As at and for the three months ended March 31, 2016 and 2015

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the IFRS issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2015.

The carve-out financial statements

The condensed consolidated interim financial statements present the historical carve-out financial position, results of operations and cash flows as if Siyata Israel had been an independent operation during the periods presented. The carve-out statements of comprehensive loss for the three months ended March 31, 2015 include direct expenses incurred in the management of the Acquired Assets and an allocation of Accel’s selling and marketing expenses and general and administrative expenses incurred in each of the periods presented up to July 24, 2015, which was the date of the Transaction.

The carve-out financial statements may not necessarily be indicative of the Company’s financial position, results of operating activities or cash flows had it operated as a separate entity throughout the period presented or for future periods.

As at July 24, 2015, the carrying values of the Acquired Assets contributed to the Company consisted of the following:

	July 24, 2015
Assets	
Intangibles	<u>\$ 2,695,000</u>
Carrying value	<u>\$ 2,695,000</u>

The value of the allocated Accel retained earnings, income and expenses, and other comprehensive income (loss) up to the close of the Transaction and the intangible assets contributed and recorded under the continuity of interest accounting was recorded to share capital as the value of the common shares issued as at July 24, 2015 in connection with the Transaction.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

As at and for the three months ended March 31, 2016 and 2015

2. BASIS OF PREPARATION (cont'd...)

Significant allocations and assumptions

Until July 24, 2015, the date of the transaction, management has used the following assumptions in developing the carve-out financial statements:

Allocation of expenses – The allocation of cost of sales, selling and marketing expenses and general and administrative expenses in the carve-out statements of comprehensive loss which could not be attributed specifically, has been calculated on the basis of the ratio of revenues of the Business in each period presented as compared to the revenues of the Group in each of these periods presented. Management believes the assumptions and allocations underlying the carve-out financial statements are reasonable and appropriate under the circumstances. The amortization expenses of the Group were allocated on the same basis and they constitute the rent of fixed assets by the Business.

Opening deficit – The Business' opening deficit as at January 1, 2012 has been calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the net assets transferred.

Guarantees, cash and loans – Accel's outstanding guarantees, cash and loans and related finance expenses were not transferred to the Company and therefore were not reflected in the Carve-out Financial Statements. Therefore the funding required for the ongoing business is displayed under the parent company debt and the related finance expenses respectively.

Deferred tax – The loss presented in the carve-out financial statements was allocated from the Group. Deferred tax related to the loss presented in the carve-out financial statements have been recognized up to the deferred tax liability.

Financial expenses – The financial expenses of the Company are calculated according to the interest rate that Accel paid to its lender.

Management cautions the readers that these carve-out financial statements have been prepared solely to demonstrate the historical results of operations, financial position, and cash flows of the Business for the indicated periods and, accordingly, the allocation of expenses are not necessarily indicative of the costs the Business would have incurred if it had operated on a stand-alone basis or as an entity independent of The Group.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

As at and for the three months ended March 31, 2016 and 2015

2. BASIS OF PREPARATION (cont'd...)**Basis of consolidation and presentation**

These condensed consolidated interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for the statement of cash flows.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Name of Subsidiary	Place of Incorporation	Ownership
Queensgate Resources Corp. ⁽ⁱ⁾	British Columbia, Canada	100%
Queensgate Resources US Corp. ⁽ⁱ⁾	Nevada, USA	100%
Siyata Mobile (Canada) Inc. ⁽ⁱ⁾	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	Israel	100%

⁽ⁱ⁾ The accounts of these subsidiaries have been included in these condensed consolidated interim financial statements from July 24, 2015 onwards (the Transaction date).

These condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Siyata Mobile Inc.**(formerly Teslin River Resources Corp.)**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at and for the three months ended March 31, 2016 and 2015

2. BASIS OF PREPARATION (cont'd...)**Foreign currency translation**

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”) and has been determined for each entity within the Company. The functional currency of Siyata Mobile Inc., is the Canadian dollar and the functional currency of the Company’s subsidiary, Queensgate Resources Corporation (“QRC”), is the Canadian dollar. The functional currency of Queensgate Resources US Inc. (“QR-US”), a wholly-owned subsidiary of QRC and Siyata Mobile (Canada) Inc., is the Canadian dollar and the functional currency of Siyata Mobile Israel Ltd. is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the entity’s functional currency are translated at the exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Foreign currency differences arising on translation are recognized in the statement of loss and comprehensive loss.

Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i) Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are, but not limited to the following:

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

Siyata Mobile Inc.

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Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

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As at and for the three months ended March 31, 2016 and 2015

2. BASIS OF PREPARATION (cont'd...)

Use of estimates and judgements (cont'd...)

i) Critical accounting estimates (cont'd...)

- Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.
- Capitalization of development costs and their amortization rate – Development costs are capitalized in accordance with the accounting policy. To determine the amounts earmarked for capitalization, management estimates the cash flows which are expected to be derived from the asset for which the development is carried out and the expected benefit period.
- Inventories - Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.
- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.
- Impairment of non-financial assets - The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash-generating unit ("CGU") is determined using the greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

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Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

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As at and for the three months ended March 31, 2016 and 2015

2. BASIS OF PREPARATION (cont'd...)

Use of estimates and judgements (cont'd...)

i) Critical accounting estimates (cont'd...)

- Useful life of intangible assets – The Company estimates the useful life used to amortize intangible assets which relates to the expected future performance of the assets acquired based on management estimate of the sales forecast.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Functional currency - The functional currency for the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar with the exception of Siyata Israel which has the functional currency of the US dollar. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.
- Going concern – As disclosed in Note 1 to the financial statements.

Siyata Mobile Inc.

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Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at and for the three months ended March 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting pronouncements

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied when preparing these financial statements:

IFRS 15 Revenues from contracts with customers

In May 2014, the IASB released IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. IFRS 15 also requires more comprehensive disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, and a number of revenue-related interpretations (IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service). IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements and does not plan to early adopt the new requirement.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9). IFRS 9 supersedes IAS 39, IFRIC 9 and earlier versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. This standard provides guidance on the classification and measurement of financial liabilities and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. The Company has not yet begun the process of assessing the impact that the new standard will have on its financial statements and does not plan to early adopt the new requirement.

Siyata Mobile Inc.

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Notes to the Condensed Consolidated Interim Financial Statements

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4. REVERSE TAKEOVER

On July 24, 2015, the Company completed a transaction whereby the Company's wholly owned subsidiary amalgamated, through a three cornered amalgamation, with Siyata Mobile (Canada) Inc. ("Siyata Canada"). Pursuant to the Transaction, Siyata Canada, incorporated Siyata Mobile Israel Ltd ("Siyata Israel"), a wholly owned subsidiary incorporated in Israel. Together, Siyata Canada and Siyata Israel acquired certain telecom assets and operations of Israel-based cellular technology company, Accel Telecom Ltd. ("Accel") and its Canadian subsidiary, Truckfone Inc.

The Company acquired the Acquired Assets (Note 1) by the issuance of 33,333,333 common shares to Accel. As a result of the Transaction, the shareholders of Accel will acquire control of the Company. The Transaction is considered a purchase of Teslin's net assets by the shareholders of Accel and is accounted for as a reverse takeover.

The Transaction is accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payments" and IFRS 3 "Business Combinations." As the Transaction did not qualify as a business according to the definition in IFRS 3, this Transaction does not constitute a business combination; rather it is treated as an issuance of shares by Accel for the net assets of Teslin and the Company's listing status.

Prior to the execution of the Transaction, 2,727,273 warrants, being all of the outstanding and issued warrants, were exercised by the shareholders of Siyata for proceeds of \$360,000. The shareholders of Siyata held 11,607,761 common shares at the time of the Transaction.

Consideration consists of the following:

Value of 11,607,761 shares held by Siyata shareholders	\$ 2,456,591
Transaction costs ⁽ⁱ⁾	703,398
Total consideration	\$ 3,159,989

⁽ⁱ⁾ Includes 300,000 finders' shares valued at \$63,490 (Note 9(b)).

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4. REVERSE TAKEOVER (cont'd...)

The value of the common shares issued is \$2,456,591 and is based on the fair value of the number of shares that Accel would have had to issue shareholders of Teslin to give the shareholders of Teslin the same percentage equity interest in the combined entity that results from the transaction. The total purchase price of \$3,159,989 is allocated as follows:

Cash	\$	292,552
Accounts receivable		119,084
Prepaid expenses and deposit		55,650
Accounts payable		(145,802)
Net assets acquired	\$	321,484
Listing expense		2,838,505
	\$	3,159,989

5. TRADE AND OTHER RECEIVABLES

	March 31, 2016	December 31, 2015
Trade receivables	\$ 1,646,192	\$ 1,134,270
Other receivables	146,030	736,353
Total	\$ 1,792,222	\$ 1,870,623

The Company had a factoring agreement with external funding. According to the agreement, invoices are fully assigned to the funding entity in return for 85% of the invoice amount. The remaining 15% are paid to the Company with the receipt of the payment from the customer. As of March 31, 2016 the deduction of factoring transaction (85% from invoices that fully assigned) was \$1,506,115 (December 31, 2015 - \$Nil).

6. INVENTORY

	March 31, 2016	December 31, 2015
Finished products	\$ 1,346,192	\$ 2,506,852
Accessories and spare parts	836,497	906,000
Total	\$ 2,182,689	\$ 3,412,852

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Notes to the Condensed Consolidated Interim Financial Statements

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7. INTANGIBLE ASSETS

	Development costs
Cost	
Balance at December 31, 2014	\$ 2,771,000
Additions	154,000
Translation adjustment	467,000
Balance at December 31, 2015	3,392,000
Additions	150,729
Translation adjustment	(203,068)
Balance at March 31, 2016	\$ 3,339,661
Accumulated Amortization	
Balance at December 31, 2014	\$ 358,000
Additions	122,000
Balance at December 31, 2015	480,000
Additions	45,656
Balance at March 31, 2016	\$ 525,626
Net Book Value	
Balance at December 31, 2015	\$ 2,912,000
Balance at March 31, 2016	\$ 2,814,005

Amortization expense is included in research and development expenses on the statement of loss and comprehensive loss.

8. OTHER PAYABLES

	March 31, 2016	December 31, 2015
Accrued expenses	\$ 271,069	\$ 219,000
Employee benefits	46,469	46,000
Other payables	133,926	50,000
Total	\$ 451,464	\$ 315,000

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9. SHARE CAPITAL

- (a) Authorized** Unlimited number of common shares without par value
 Unlimited number of preferred shares without par value

(b) Common share transactions

Transactions for the period ended March 31, 2016

There were no share capital transactions for the period ended March 31, 2016.

Transactions for the year ended December 31, 2015

- i) On July 24, 2015, Siyata consolidated its share capital on a 2.2 old shares for 1 new basis. All share figures have been restated to retroactively reflect this consolidation.
- ii) Issued 33,333,333 common shares in connection with the Transaction (Note 4). All funding provided by Accel for the Company's activities prior to the completion of the Transaction, initially reflected as equity reserves, was allocated to share capital upon the issue of the Company's shares pursuant to the Transaction. Transaction costs included 300,000 common shares issued to finders valued at \$63,490.
- iii) In connection with the Transaction, the Company completed a private placement for total proceeds of \$4,178,490 through the issuance of 13,928,300 subscription receipts. Immediately prior to closing of the Transaction, the subscription receipts automatically converted to 13,928,000 common shares and 6,964,151 share purchase warrants, each warrant exercisable at \$0.60 for a period of two years. A total of 417,849 common shares and 208,925 share purchase warrants exercisable at \$0.60 for a period of two years were issued in settlement of all corporate finance and finders' fees, and the agents in the private placement received agents' options entitling them to acquire 1,192,829 shares of the Company at an exercise price of \$0.30, for a period of two years. The finder's warrants and agents options were valued at \$186,581. The Company also incurred cash share issue costs of \$268,823 on the private placement.
- iv) Issued 3,850 common shares in connection with an exercise of warrants for proceeds of \$1,155.
- v) Issued 100 common shares in connection with the incorporation of a BC subsidiary.

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9. SHARE CAPITAL (cont'd...)**(c) Stock options**

The Company has a shareholder approved “rolling” stock option plan (the “Plan”) in compliance with TSX-V policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant, less a discount of up to 25%. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2014	-	\$ -
Granted	5,475,000	0.31
Outstanding options, December 31, 2015 and March 31, 2016	5,475,000	0.31
Exercisable options, March 31, 2016	1,368,750	\$ 0.31

At March 31, 2016, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options outstanding	Exercise Price	Expiry date	Remaining contractual life (years)
July 24, 2015	750,000	\$ 0.30	July 23, 2020	4.31
July 24, 2015	150,000	0.60	July 23, 2020	4.31
July 28, 2015	250,000	0.30	July 28, 2020	4.31
August 10, 2015	425,000	0.30	August 7, 2020	4.36
September 30, 2015	3,900,000	0.30	July 23, 2020	4.31

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9. SHARE CAPITAL (cont'd...)**(c) Stock options (cont'd...)**

During the year ended December 31, 2015, the Company granted 5,475,000 stock options with a weighted average fair value of \$0.22 per option. The Company recorded share-based payments during the period ended March 31, 2016 of \$212,370 (2015 - \$Nil) in relation to options vesting. The following weighted average assumptions have been used for the Black-Scholes valuation for the stock options granted:

	2015
Risk free interest rate	0.81%
Expected life of options	5 years
Annualized volatility	146%
Dividend rate	0.00%

(d) Agents Options

	Number of options	Weighted average exercise price
Outstanding agent options, December 31, 2014	-	\$ -
Granted	1,192,829	0.30
Outstanding agent options, December 31, 2015 and March 31, 2016	1,192,829	\$ 0.30

At March 31, 2016, agent options outstanding and exercisable are as follows:

Grant Date	Number of Options outstanding and exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
July 24, 2015	1,192,829	\$0.30	July 23, 2017	1.31

The fair value of the agent options was estimated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.00%, a dividend yield of 0%, an expected volatility of 146% and an expected life of two years. The total fair value of the agent options was \$163,214.

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9. SHARE CAPITAL (cont'd...)**(e) Share Purchase Warrants**

	Number of options	Weighted average exercise price
Outstanding share purchase warrants, December 31, 2014	-	\$ -
Granted	7,173,076	0.60
Exercised	(3,850)	0.60
Outstanding share purchase warrants, December 31, 2015 and March 31, 2016	7,169,226	\$ 0.60

Included in warrants issued during the year ended December 31, 2015 was 208,925 finders' warrants. The fair value of the finders' warrants was estimated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.00%, a dividend yield of 0%, an expected volatility of 146% and an expected life of two years. The total fair value of the finders' warrants was \$23,367.

At March 31, 2016, share purchase warrants outstanding and exercisable are as follows:

Grant Date	Number of Warrants outstanding and exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
July 24, 2015	7,169,226	\$0.60	July 23, 2017	1.31

10. COST OF SALES

(in thousands)	2016	2015
Materials and merchandise	\$ 1,076	\$ 1,760
Royalties	30	25
Other expenses	153	60
Change in inventory	890	(74)
Total	\$ 2,149	\$ 1,771

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11. SELLING AND MARKETING EXPENSES

(in thousands)	2016	2015
Salaries and related expenses	\$ 148	\$ 183
Advertising and marketing	80	94
Travel and conferences	13	46
Total	\$ 241	\$ 323

12. GENERAL AND ADMINISTRATIVE EXPENSES

(in thousands)	2016	2015
Salaries and related expenses	\$ 75	\$ 81
Professional services	19	28
Consulting and director fees	120	-
Travel	38	-
Office and general	39	42
Regulatory and filing fees	10	-
Shareholder relations	4	-
Total	\$ 305	\$ 151

13. CAPITAL MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company defines capital as consisting of shareholder's equity. The Company's objectives when managing capital are to support the creation of shareholder value, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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13. CAPITAL MANAGEMENT (cont'd...)

As at March 31, 2016, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the year ended March 31, 2016.

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

14. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The fair value of the Company's trade and other receivables, accounts payable and accrued liabilities, and due to related parties and other payables approximate carrying value, which is the amount recorded on the consolidated statement of financial position. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 29% of the Company's revenue (2015 - 50%) is attributable to sales transactions with a single customer.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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14. FINANCIAL INSTRUMENTS (cont'd...)*Credit risk (cont'd...)*

More than 46% of the Company's customers have been active with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Company, and future sales are made on a prepayment basis.

The carrying amount of financial assets represents the maximum credit exposure, notwithstanding the carrying amount of security or any other credit enhancements.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

(in thousands)	March 31, 2016	December 31, 2015
Israel	\$ 1,565	\$ 1,421
United Kingdom	-	107
Europe	67	226
Canada	160	117
Total	\$ 1,792	\$ 1,871

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits and is in compliance with its financial covenants (if any). These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with required financial covenants, compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.

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14. FINANCIAL INSTRUMENTS (cont'd...)*Liquidity risk (cont'd...)*

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Company has a factoring agreement with external funding (Note 5).

With the exception of employee benefits, the Company's accounts payable and accrued liabilities and other payables have contractual terms of 90 days. The employment benefits included in other payables have variable maturities within the coming year.

*Market risk**a) Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of Siyata Israel is the US dollar ("USD"). Revenues are predominantly incurred in the US dollar with expenses in the Israeli New Sheqel ("NIS"). As at March 31, 2016, the Company's exposure to foreign currency risk with respect to financial instruments is as follows:

(in CAD thousands)	USD	NIS	CAD	Total
Financial assets and financial liabilities:				
Current assets				
Cash	\$ 30	\$ 25	\$ 35	\$ 90
Trade and other receivables	70	1,562	160	1,792
Current liabilities				
Trade payables	(278)	(230)	(202)	(710)
Related parties	(459)	-	-	(459)
Other payables	-	(451)	-	(451)
Total	\$ (637)	\$ 906	\$ (7)	\$ 262

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14. FINANCIAL INSTRUMENTS (cont'd...)*Market risk (cont'd...)**b) Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is currently immaterial.

c) Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

15. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

During the three months ended March 31, 2016 and 2015 there were no non-cash investing or financing activities.

The Company has not paid any income taxes in the periods ended March 31, 2016 or 2015.

16. RELATED PARTY TRANSACTIONS

Key Personnel Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	2016	2015
Payments to key management personnel:		
Consulting and directors' fees	\$ 139,942	\$ -
Share-based payments	16,915	-
Total	\$ 156,857	\$ -

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16. RELATED PARTY TRANSACTIONS (cont'd...)

Other related party transactions are as follows:

Type of Service	Nature of Relationship	(in thousands)	
		2016	2015
Cost of sales	Accel (common directors)	\$ 612	\$ 9
Selling and marketing expenses	VP Technology	42	-
General and administrative expense	Accel (common directors)	-	122
General and administrative expense	Company controlled by the Chairman of the Board of Directors	30	-
General and administrative expense	Company controlled by the CEO and Director	74	-
Interest and financing costs	Accel (common directors)	-	71

Balances and transactions with Accel Telecom Ltd.

Included in due to related parties as at March 31, 2016 is a balance payable to Accel of \$457,772 (December 31, 2015 - \$1,896,000) for the assumption of inventory and advances to suppliers. The balance is non-interest bearing. The balance had been accruing interest at rates of 3%-4.29% up to July 24, 2015 based on the interest rate that the Group paid to its lender.

The Company has a management fee agreement with Accel for a monthly fee of USD\$25,000 in exchange for management services and is recorded in general and administrative expenses. Accel waived the management fee for the three month period ended March 31, 2016.

17. SEGMENTED INFORMATION

The Company is domiciled in Israel and it operates and produces its income primarily in Europe, Australia and Canada. All of the non-current assets are located in Israel.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers and is as follows:

External Revenues (in thousands)	2016		2015	
Israel	\$	2,609	\$	2,087
Europe		72		223
Canada		42		10
Total	\$	2,723	\$	2,320

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18. MAJOR CUSTOMERS

Revenues from three customers of the Company represent approximately \$2,032,000 or 75% (2015 - \$2,029,000 or 87%) of the Company's total revenues.

19. SUBSEQUENT EVENT

On April 19, 2016, the Company announced that it had entered into a definitive share purchase agreement to acquire all of the issued and outstanding shares of Signifi Mobile Inc., a Montreal-based company that manufactures, markets and sells cellular signal boosters and accessories under the Uniden brand across Canada and the United States. Closing of the transaction is conditional on the satisfaction of certain customary closing conditions including the approval by the TSX Venture Exchange.