

**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 and nine months ended September 30, 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 and nine months ended September 30, 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

	September 30, 2016	December 31, 2015
<b>Assets</b>		
Current Assets		
Cash	\$ 526,109	\$ 298,313
Trade and other receivables (Note 6)	1,716,361	1,870,623
Advances to suppliers	1,298,221	261,774
Due from Related Party	256,944	-
Inventory (Note 7)	2,502,954	3,412,852
	<b>6,300,589</b>	<b>5,843,562</b>
Equipment	42,421	8,000
Intangible assets (Note 8)	3,396,063	2,912,000
Goodwill (Note 5)	1,506,710	-
<b>Total Assets</b>	<b>\$ 11,245,783</b>	<b>\$ 8,763,562</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,218,284	\$ 715,976
Due to related parties (Note 18)	-	1,897,500
Future purchase consideration (Note 9)	542,310	-
	<b>1,760,594</b>	<b>2,613,476</b>
Future consideration obligation (Note 9)	607,839	-
Deferred tax liability	37,000	-
Long term debt (Note 10)	250,000	-
	<b>894,839</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,655,433</b>	<b>2,613,476</b>
<b>Shareholders' Equity</b>		
Share capital (Note 11)	12,954,695	9,949,322
Accumulated other comprehensive loss	(229,734)	(668,000)
Reserves (Note 11)	1,307,708	738,748
Deficit	(5,442,319)	(3,869,984)
	<b>8,590,350</b>	<b>6,150,086</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 11,245,783</b>	<b>\$ 8,763,562</b>

Nature of Operations and Going Concern (Note 1)

Approved on November 29, 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 September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
Revenues	\$ 3,722,328	\$ 2,209,865	\$ 8,453,863	\$ 7,218,461
Cost of sales (Note 12)	(2,706,406)	(1,767,873)	(6,378,410)	(5,716,215)
Gross profit	\$ 1,015,922	\$ 441,992	\$ 2,075,453	\$ 1,502,246
<b>Expenses:</b>				
Research and development	51,071	13,852	129,815	71,000
Selling and marketing (Note 13)	505,807	238,372	1,032,144	854,436
General and administrative (Note 14)	495,766	330,214	1,212,354	625,176
Share-based payments (Note 11)	116,419	148,628	485,145	148,628
Total operating expenses	1,169,063	731,066	2,853,221	1,699,240
Total operating profit (loss)	(153,141)	(289,074)	(784,005)	(196,994)
<b>Other expenses:</b>				
Finance expense	20,033	(305,093)	56,716	(147,352)
Foreign exchange	(235,917)	-	676,124	-
Transaction costs (Note 5)	16,000	2,548,382	75,435	2,548,382
Accretion of contingent consideration (Note 9)	27,301	-	(19,946)	-
Total other expenses	172,583	2,532,363	788,329	2,401,030
Net Income (loss) for the period	\$ 19,442	\$ (2,349,380)	\$ (1,572,334)	\$ (2,598,024)
Translation Adjustment	(111,182)	328,250	438,266	(271,152)
<b>Comprehensive loss for the period</b>	\$ (91,740)	\$ (2,860,613)	\$ (1,134,068)	\$ (2,869,176)
<b>Weighted average number of shares outstanding</b>	69,300,759	44,045,660	63,578,057	14,843,226
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.06)	\$ (0.02)	\$ (0.19)

*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)
<b>Balance, December 31, 2014</b>	-	\$ -	\$ (93,000)	\$ -	\$ (724,000)	\$ (817,000)
Translation adjustment	-	-	(57,098)	-	-	(57,098)
Loss for the period	-	-	-	-	(65,661)	(65,661)
<b>Balance, June 30, 2015</b>	-	\$ -	\$ (150,098)	\$ -	\$ (789,661)	\$ (939,759)
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	-	-	(517,902)	-	-	(517,902)
Loss for the period	-	-	-	-	(3,080,323)	(3,080,323)
<b>Balance, December 31, 2015</b>	<b>59,591,187</b>	<b>\$ 9,949,322</b>	<b>\$ (668,000)</b>	<b>\$ 738,748</b>	<b>\$ (3,869,984)</b>	<b>\$ 6,150,086</b>
Acquisition of Signifi Mobile Inc. (Note 5)	1,000,000	360,000	-	-	-	360,000
Private placement	8,299,714	2,904,900	-	-	-	2,904,900
Share issue costs	-	(270,889)	-	84,294	-	(186,596)
Exercise of agents' options	35,577	6,763	-	(479)	-	6,284
Shares issued for debt	402,612	4,599	-	-	-	4,599
Share-based payments	-	-	-	485,145	-	485,145
Translation adjustment	-	-	438,266	-	-	438,266
Loss for the period	-	-	-	-	(1,572,334)	(1,572,334)
<b>Balance, September 30, 2016</b>	<b>69,329,090</b>	<b>\$ 12,954,695</b>	<b>\$ (229,734)</b>	<b>\$ 1,307,708</b>	<b>\$ (5,442,319)</b>	<b>\$ 8,590,350</b>

*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 nine months ended September 30,	
	2016	2015
<b>Cash provided by / (used for):</b>		
<b>Operating Activities:</b>		
Net loss for the period	\$ (1,572,334)	\$ (2,415,041)
Items not affecting cash:		
Amortization	133,506	70,662
Finance fees	84,294	-
Share-based payments	485,145	134,772
Accretion of contingent consideration	(19,946)	-
Unrealized foreign exchange	269,477	-
Transaction Costs	-	639,908
Issuance of common shares	-	1,861,778
Net liabilities acquired	-	38,516
Net change in non-cash working capital items:		
Trade and other receivables and advances to suppliers	(590,861)	(283,374)
Inventory	1,151,915	(1,250,168)
Accounts payable, accrued liabilities and other payables	336,934	(150,553)
Due to related parties	(2,154,444)	-
Net cash used in operating activities	(1,876,315)	(1,353,500)
<b>Investing Activities:</b>		
Acquisition of equipment	(10,191)	(5,000)
Acquisition of Signifi Mobile Inc.	(200,000)	-
Development of intangible assets	(608,092)	(43,454)
Transaction costs	-	(601,034)
Net cash used in financing activities	(818,283)	(649,488)
<b>Financing Activities:</b>		
Private placement	2,904,900	-
Share issue costs	(238,789)	(268,823)
Shares issued for cash	-	4,539,790
Exercise of agents' options	6,283	-
Loans received	250,000	-
Net cash provided by financing activities	2,922,394	4,270,967
Foreign exchange effect on cash	-	-
Change in cash for the period	227,796	2,267,979
Cash, beginning of the period	298,313	-
Cash, end of the period	\$ 526,109	\$ 2,267,979

Supplemental disclosure with respect to cash flows (Note 17)

*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 and nine months ended September 30, 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 September 30, 2016, the Company's principal activity is the sale of vehicle mounted, cellular based communications platforms over advanced 3G mobile networks (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 June 7, 2016, the Company acquired all of the issued and outstanding shares of Signifi Mobile Inc. ("Signifi") (Note 5).

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 September 30, 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 September 30, 2016, the Company has an accumulated deficit of \$5,442,319. 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.**

**(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 and nine months ended September 30, 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.

These interim financial statements follow the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended December 31, 2015 other than as detailed in Note 3 arising from new transactions or the acquisition of Signifi.

**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 nine months ended September 30, 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:

---

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

---

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.

## **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 and nine months ended September 30, 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.

### **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.

## **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 and nine months ended September 30, 2016 and 2015

---

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

### **Basis of consolidation and presentation (cont'd...)**

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

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership</b>
Queensgate Resources Corp. <sup>(i)</sup>	British Columbia, Canada	100%
Queensgate Resources US Corp. <sup>(i)</sup>	Nevada, USA	100%
Siyata Mobile (Canada) Inc. <sup>(i)</sup>	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	Israel	100%
Signifi Mobile Inc.	Quebec, Canada	100%

<sup>(i)</sup> 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.

### **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.

**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 and nine months ended September 30, 2016 and 2015

---

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

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

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.
- 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.

## **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 and nine months ended September 30, 2016 and 2015

---

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

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

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

- 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.
- 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.**

### **(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 and nine months ended September 30, 2016 and 2015

---

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Adopted accounting policies**

##### *Business Combinations*

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in earnings as incurred. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Any gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment.

##### *Goodwill*

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortization but is tested for impairment.

#### **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.

## 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 and nine months ended September 30, 2016 and 2015

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

#### New accounting pronouncements (cont'd...)

##### *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.

### 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 <sup>(i)</sup>	703,398
Total consideration	\$ 3,159,989

---

---

<sup>(i)</sup> Includes 300,000 finders' shares valued at \$63,490 (Note 11(b)).

**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 and nine months ended September 30, 2016 and 2015

**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. ACQUISITION OF SIGNIFI MOBILE INC.**

On June 7, 2016, the Company acquired all of the issued and outstanding shares of Signifi Mobile Inc. ("Signifi"). In consideration, the Company paid cash of \$200,000 and issued 1,000,000 common shares at a value of \$360,000.

As further consideration, the Company is required to make the additional following payments:

- a) On June 7, 2017, pay \$150,000 in cash (subject to certain income minimums);
- b) On each of the first three anniversaries of the transaction, at the option of the vendors,
  - a. 1,000,000 common shares;
  - b. \$150,000 in cash; or
  - c. \$75,000 in cash and 500,000 common shares.
- c) In addition to the above, up to an additional 1,400,000 shares are issuable to the vendors if Signifi meets annual revenue and gross profit targets per the purchase and sale agreement.

This transaction qualifies as a business combination and was accounted for using the acquisition method of accounting. To account for the transaction, the Company has determined the fair value of the assets and liabilities of Signifi at the date of the acquisition and a purchase price allocation. These fair value assessments require management to make significant estimates and assumptions as well as applying judgment in selecting the appropriate valuation techniques.

The acquisition of Signifi is consistent with the Company's corporate growth strategy to build distribution and licensing agreements to support expansion in the North American market. The Company plans to leverage Signifi's license agreement (Note 8) in order to build relationships and facilitate sales of other corporate products.

**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 and nine months ended September 30, 2016 and 2015

**5. ACQUISITION OF SIGNIFI MOBILE INC. (cont'd...)**

The aggregate amount of the total acquisition consideration is \$1,730,095, comprised as follows:

Consideration	Note	Fair Value
Cash		\$ 200,000
Fair value of 1,000,000 shares at \$0.36 per share	(i)	360,000
Future purchase consideration	(ii)	1,170,095
Total Consideration		\$ 1,730,095

- (i) The fair value of shares issued was determined by multiplying the number shares issued by the share price of the Company on June 7, 2016.
- (ii) Future consideration represents the expected future payments of cash and common shares. The Company has applied probability estimates to each of the scenarios under the revenue thresholds based on management's projections. These estimates will be revised at each reporting period to reflect management's estimates based on current information.

The purchase price was allocated as follows:

Purchase price allocation	Fair Value
Purchase price	\$ 1,730,095
Net identifiable tangible assets	111,793
Net identifiable intangible assets	148,592
Deferred tax liability	(37,000)
Goodwill	\$ 1,506,710

The above acquisition price allocation is considered preliminary and may change before being considered final.

The Company incurred costs related to the acquisition totaling \$59,435 to complete the acquisition which were recorded in the statement of loss and comprehensive loss.

Signifi has contributed \$80,759 of net income from the acquisition date to September 30, 2016.

**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 and nine months ended September 30, 2016 and 2015

**6. TRADE AND OTHER RECEIVABLES**

	September 30, 2016	December 31, 2015
Trade receivables	\$ 1,576,162	\$ 1,134,270
Other receivables	140,198	736,353
<b>Total</b>	<b>\$ 1,716,360</b>	<b>\$ 1,870,623</b>

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 September 30, 2016 the deduction of factoring transaction (85% from invoices that fully assigned) was \$1,337,807 (December 31, 2015 - \$Nil).

**7. INVENTORY**

	September 30, 2016	December 31, 2015
Finished products	\$ 2,051,577	\$ 2,506,852
Accessories and spare parts	451,377	906,000
<b>Total</b>	<b>\$ 2,502,954</b>	<b>\$ 3,412,852</b>

**8. INTANGIBLE ASSETS**

	Development costs	License agreement	Total
Cost			
Balance at December 31, 2014	\$ 2,771,000	\$ -	\$ 2,771,000
Additions	154,000	-	154,000
Translation adjustment	467,000	-	467,000
Balance at December 31, 2015	3,392,000	-	3,392,000
Acquired with Signifi	-	148,592	148,592
Additions	608,092	-	509,636
Translation adjustment	(144,834)	-	(198,846)
<b>Balance at September 30, 2016</b>	<b>\$ 3,855,258</b>	<b>\$ 148,592</b>	<b>\$ 3,959,187</b>
Accumulated Amortization			
Balance at December 31, 2014	\$ 358,000	\$ -	\$ 358,000
Additions	122,000	-	122,000
Balance at December 31, 2015	480,000	-	480,000
Additions	119,361	8,426	83,124
<b>Balance at September 30, 2016</b>	<b>\$ 599,361</b>	<b>\$ 8,426</b>	<b>\$ 563,124</b>
Net Book Value			
Balance at December 31, 2015	\$ 2,912,000	\$ -	\$ 2,912,000
<b>Balance at September 30, 2016</b>	<b>\$ 3,255,897</b>	<b>\$ 140,166</b>	<b>\$ 3,396,063</b>

**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 and nine months ended September 30, 2016 and 2015

**8. INTANGIBLE ASSETS (cont'd...)**

Amortization expense for development costs is included in research and development expenses on the statement of loss and comprehensive loss. Amortization of the license agreement is included in selling and marketing expenses.

The Company acquired a license agreement with Uniden America Corporation (“Uniden”) in conjunction with the Signifi transaction (Note 5). The agreement provides for the Company to use the trademark “Uniden”, along with associated designs and trade dress to distribute, market and sell its cellular signal booster and accessories during its term. The term of the agreement ends on December 31, 2018 and is subject to certain minimum royalties. The license agreement’s value is directly related to projected sales and operating margins over its term, after applying a tax rate of 25% and at a discount rate of 18%. The license agreement is amortized over its remaining term.

**9. CONTINGENT CONSIDERATION LIABILITY**

	<b>Future Purchase Consideration</b>
Provisions accrued	\$ 1,170,095
Revision of estimate	(19,946)
<b>Balance, September 30, 2016</b>	<b>\$ 1,150,149</b>
Short-term (payable within one year)	\$ 542,310
Long -term	<b>\$ 607,839</b>

Future purchase consideration relates to the acquisition of Signifi (Note 5). At each reporting period, management updates estimates with respect to share price, and probability of payment.

**10. LONG TERM DEBT**

Bank Development of Canada Long term debt	\$250,000
<b>Balance, September 30, 2016</b>	<b>\$ 250,000</b>
Short-term (payable within one year)	\$ -
Long -term	<b>\$ 250,000</b>

On September 27, 2016, Signifi borrowed \$250,000 from the Development Bank of Canada for a term of seven years interest bearing only until August 2017 at the bank’s base rate + 3.65%. This loan principal is repayable in one payment of \$10,000 in August 2017 and then monthly payments of \$2,000 per month from September 2017 to August 2018, \$4,000 per month from September 2018 to August 2019, \$6,000 per month from September 2019 to August 2020 and \$8,000 per month from September 2020 to August 2021.

## **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 and nine months ended September 30, 2016 and 2015

---

Signifi has a one time right to postpone the principal repayment commencement date to February 2018 by informing the bank. It is the Company's intention as of September 30, 2016 to postpone the repayment until such date.

The loan is secured by the assets of Signifi and a guarantee by the Company and its Canadian subsidiaries.

## **11. 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 September 30, 2016*

- i) During the period ended June 30, 2016, the Company completed a private placement of 8,299,714 units at a price of \$0.35 per unit for gross proceeds of \$2,904,900. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at a price of \$0.50 for a period of two years. In conjunction with the placement, the Company paid finder's fees of \$146,366, incurred other share issuance costs of \$72,100 and issued 417,330 agents' options exercisable at price of \$0.35 per common share for a period of two years (Note 11(d)).
- ii) Issued 35,577 common shares in connection with an exercise of agents' options for proceeds of \$6,763.
- iii) Issued 1,000,000 common shares at a value of \$360,000 for the acquisition of Signifi (Note 5).
- iv) Issued 402,612 common shares to settle accounts payable of \$139,825.

#### *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

**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 and nine months ended September 30, 2016 and 2015

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.

**(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 September 30, 2016	5,475,000	0.31
Exercisable options, September 30, 2016	2,053,125	\$ 0.31

At September 30, 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	4.07
July 24, 2015	150,000	0.60	July 23, 2020	4.07
July 28, 2015	250,000	0.30	July 28, 2020	4.07
August 10, 2015	425,000	0.30	August 7, 2020	4.11
September 30, 2015	3,900,000	0.30	July 23, 2020	4.07

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 September 30, 2016 of \$368,726 (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

**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 and nine months ended September 30, 2016 and 2015

---

Annualized volatility	146%
Dividend rate	0.00%

---

**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 and nine months ended September 30, 2016 and 2015

**11. SHARE CAPITAL (cont'd...)****(d) Agents' Options**

	Number of options	Weighted average exercise price
Outstanding, December 31, 2014	-	\$ -
Granted	1,192,829	0.30
Outstanding, December 31, 2015	1,192,829	0.30
Granted	417,330	0.35
Exercised	(35,577)	0.30
Outstanding agents' options, September 30, 2016	1,574,582	\$ 0.31

At September 30, 2016, agents' 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 <sup>(a)</sup>	1,157,252	\$0.30	July 23, 2017	1.06
June 10, 2016 <sup>(b)</sup>	417,330	0.35	June 10, 2018	1.95

(a) 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.

(b) The fair value of the agent options was estimated using the Black-Scholes pricing model assuming a risk-free interest rate of 0.49%, a dividend yield of 0%, an expected volatility of 113% and an expected life of two years. The total fair value of the agent options was \$84,294.

**(e) Share Purchase Warrants**

	Number of warrants	Weighted average exercise price
Outstanding share purchase warrants, December 31, 2014	-	\$ -
Granted	7,173,076	0.60
Exercised	(3,850)	0.60
Outstanding, December 31, 2015	7,169,226	0.60
Granted	8,299,913	0.50
Outstanding share purchase warrants, September 30, 2016	15,469,139	\$ 0.55

**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 and nine months ended September 30, 2016 and 2015

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

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 September 30, 2016, share purchase warrants outstanding and exercisable are as follows:

<b>Grant Date</b>	<b>Number of Warrants outstanding and exercisable</b>	<b>Exercise Price</b>	<b>Expiry date</b>	<b>Remaining contractual life (years)</b>
July 24, 2015	7,169,226	\$0.60	July 23, 2017	1.06
June 10, 2016	8,299,913	0.50	June 10, 2018	1.95

**12. COST OF SALES**

<b>(in thousands)</b>	<b>For the three months ending</b>		<b>For the nine months ending</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Materials and merchandise	\$ 2,370	\$ 2,847	\$ 4,779	\$ 6,706
Royalties	53	17	155	73
Other expenses	300	91	604	211
Change in inventory	(17)	(1,187)	840	(1,274)
<b>Total</b>	<b>\$ 2,706</b>	<b>\$ 1,768</b>	<b>\$ 6,378</b>	<b>\$ 5,716</b>

**13. SELLING AND MARKETING EXPENSES**

<b>(in thousands)</b>	<b>For the three months ending</b>		<b>For the nine months ending</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Salaries and related expenses	\$ 249	\$ 154	\$ 553	\$ 505
Advertising and marketing	262	204	459	266
License agreement (Note 8)	6	-	8	-
Travel and conferences	(11)	(120)	12	83
<b>Total</b>	<b>\$ 506</b>	<b>\$ 238</b>	<b>\$ 1,032</b>	<b>\$ 854</b>

**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 and nine months ended September 30, 2016 and 2015

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

(in thousands)	For the three months ending		For the nine months ending	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Salaries and related expenses	\$ 89	\$ 86	\$ 250	\$ 254
Professional services	86	50	116	94
Consulting and director fees	188	-	285	-
Management fees	-	66	195	66
Travel	54	35	161	35
Office and general	74	67	154	150
Regulatory and filing fees	5	-	37	-
Shareholder relations	-	-	8	-
<b>Total</b>	<b>\$ 496</b>	<b>\$ 304</b>	<b>\$ 1,212</b>	<b>\$ 599</b>

**15. 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.

As at September 30, 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 September 30, 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.

**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 and nine months ended September 30, 2016 and 2015

---

**16. 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 27% of the Company's revenue (2015 - 46%) 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.

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.

**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 and nine months ended September 30, 2016 and 2015

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

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

<b>(in thousands)</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Israel	\$ 1,109	\$ 1,421
United Kingdom	139	107
Europe	-	226
Canada	468	117
<b>Total</b>	<b>\$ 1,716</b>	<b>\$ 1,871</b>

*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.

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 7).

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.

**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 and nine months ended September 30, 2016 and 2015

**16. FINANCIAL INSTRUMENTS (cont'd...)***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 Shekel ("NIS"). As at September 30, 2016, the Company's exposure to foreign currency risk with respect to financial instruments is as follows:

(in CAD thousands)	USD	NIS	CAD	Total
<b>Financial assets and financial liabilities:</b>				
<b>Current assets</b>				
Cash	\$ 49	\$ 144	\$ 333	\$ 526
Trade and other receivables	145	1,108	463	1,716
Related parties	256	-	-	256
<b>Current liabilities</b>				
Trade payables	-	(564)	(258)	(822)
Other payables	-	(280)	(116)	(396)
<b>Total</b>	<b>\$ 450</b>	<b>\$ 408</b>	<b>\$ 422</b>	<b>\$ 1,280</b>

*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.

**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 and nine months ended September 30, 2016 and 2015

**17. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS**

During the nine months ended September 30, 2016, the Company incurred the following non-cash investing or financing activities:

- a) Issued 417,330 agents' options at a value of \$84,294 (Note 11).
- b) Issued 402,612 common shares to settle accounts payable of \$139,825 (Note 11).
- c) Accruing share issue costs of \$32,100 through accounts payable and accrued liabilities.

During the nine months ended September 30, 2016 there were no non-cash investing or financing activities.

**18. 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	\$ 399,997	\$ -
Share-based payments	37,939	134,772
<b>Total</b>	<b>\$ 437,936</b>	<b>\$ 134,772</b>

Other related party transactions are as follows:

Type of Service	Nature of Relationship	(in thousands)	
		2016	2015
Cost of sales	Accel (common directors)	\$ 1,031	\$ 19
Selling and marketing expenses	VP Technology	124	27
General and administrative expense	Accel (common directors)	195	296
General and administrative expense	Company controlled by the Chairman of the Board of Directors	106	20
General and administrative expense	Company controlled by the CEO and Director	249	49
Interest and financing costs	Accel (common directors)	-	174

**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 and nine months ended September 30, 2016 and 2015

**18. RELATED PARTY TRANSACTIONS (cont'd...)***Balances and transactions with Accel Telecom Ltd.*

Included in due to related parties as at September 30, 2016 is a balance payable to Accel of \$256,944 (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 of the nine month period ended September 30, 2016.

**19. 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:

<b>External Revenues (in thousands)</b>	<b>2016</b>		<b>2015</b>	
Israel	\$	6,269	\$	6,503
Europe		331		476
Other		402		130
Canada		1,452		109
Total	\$	8,454	\$	7,218

**20. MAJOR CUSTOMERS**

Revenues from three customers of the Company represent approximately \$4,623,000 or 55% (2015 - \$4,079,000 or 561%) of the Company's total revenues.