MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

AS AT APRIL 29, 2019

APRIL 29, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The following Management Discussion and Analysis ("MD&A") reports on the operating results, financial condition and business risks of Siyata Mobile Inc. (formerly Teslin River Resources Corp.) ("Siyata" or the "Company") and is designed to help the reader understand the results of operations and financial condition of the Company for the year ended December 31, 2018. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2017 and 2016 and the notes thereto (collectively the "Financial Statements") which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward looking statements include but are not limited to statements concerning:

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION (CONT'D)

- The Company's strategies and objectives
- The Company's other financial operating objectives
- The availability of qualified employees for business operations
- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The positive cash flows and financial viability of its operations and new business opportunities
- The Company's ability to manage growth with respect to its operations and new business opportunities
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this MD&A.

CORPORATE OVERVIEW

Siyata Mobile Inc. is a leading global developer of a vehicle mounted, cellular based communications platform over advanced 3G and 4G mobile networks under the Uniden® Cellular and Siyata brands. Siyata commercial vehicle devices are specifically designed for professional vehicles such as trucks, vans, buses, emergency service vehicles, government cars and more. The Company's innovative platform is designed to facilitate replacement of the current in vehicle, multi-device status quo with a single device (the flagship Uniden® UV350 4G device) that incorporates voice, Push-to- Talk over Cellular ("PoC"), data fleet management solutions and more. The UV350 also supports band 14 for FirstNet compatibility which is the US First Responders 4G LTE network with PoC capabilities that aims to replace aging two-way radio systems currently in use.

Siyata's customer base includes cellular network operators and their dealers, as well as commercial vehicle technology distributors for fleets of all sizes in Canada, U.S., Europe and the Middle East.

Siyata launched its flagship UV350 vehicle smartphone device at Bell Mobility in Q4 2018 and is working with AT&T in the US to obtain UV350 final certification both for AT&T enterprise customers as well as for FirstNet first responders. The company also launched this device at Motorola Israel, Pelephone and other European distributors and expects to launch both at an additional tier 1 US carrier as well as at international carriers in the coming months.

In addition to its connected vehicle product portfolio, the Company develops, manufactures, markets, and sells 4G/LTE rugged smartphone devices for industrial users. These rugged B2B environments include first responders, construction workers, security guards, government agencies and various mobile workers in multiple industries.

CORPORATE OVERVIEW (CONT'D…)

Siyata also launched the CP250 tablet/DVR connected vehicle 4G device which is built for cellular voice calls, Push-to-Talk Over Cellular ("PoC"), data, and navigation with a built-in DVR camera and more. This device was designed to be installed on the dash or mounted on a windshield, specifically for lighter commercial vehicles such as taxis, vans and delivery trucks. The 5" wide screen display tablet-based design ensures better communication capabilities for professional drivers.

In addition, Siyata manufactures, markets, and sells Uniden® cellular signal boosters and accessories for homes, buildings, manufacturing facilities and vehicles with poor cell coverage across Canada and the United States.

Siyata continues its efforts towards launching the Uniden® UV350 4G vehicle smartphone with two U.S Tier 1 cellular carriers who have distribution and sales channels many times larger than the existing sales channels of the Company. With around 9.7 million commercial vehicles and over 3.5 million first responder vehicles that have yet transitioned to cellular based technology, the Company sees the U.S market as its largest opportunity with a total addressable market well over $13 billion. These Tier 1 cellular carriers have a keen interest in launching the UV350 as it allows for new SIM card activations and increased ARPU from existing customers with corporate and first responder fleets while targeting new customers with a unique, dedicated, multi-purpose in-vehicle smartphone.

Siyata's seven years' experience of perfecting in-vehicle cellular based technology, industry know-how, vehicle installations, software integration with various PTT solutions and carrier integration have well positioned the Company to be launching with these U.S. carrier. The Company believes the final network approvals will take place in first half of 2019.

The Company believes it is sufficiently financed for this U.S rollout and expects strong sales and margin growth in 2019 and beyond through its global carrier launches of the UV350.

The Company's shares are listed on Tier 1 of the TSX Venture Exchange ("TSX-V") under the symbol SIM and as of July 25,2017 on the NASDAQ Over the Counter Venture Exchange ("OTCQX") under the symbol SYATF.

The corporate office of the Company is located at 1001 Lenoir Street, Montreal, Quebec H4C-2Z6 and the registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

SELECTED ANNUAL INFORMATION

	2018	2017	2016
Revenues	$14,220,542	$17,753,006	$12,326,414
Comprehensive Loss for the year	(10,658,899)	(5,218,304)	(1,943,844)
Net loss for the year	(11,527,981)	(5,058,495)	(2,162,708)
Net loss per share			
Basic	($0.12)	($0.06)	($0.03)
Diluted	($0.12)	($0.06)	($0.03)
Total Assets	17,784,342	21,877,613	10,915,310
Total non-current financial liabilities (see 1)	4,564,831	4,639,682	935,330
Cash dividends declared in all classes of shares	**NIL**	**NIL**	**NIL**

(1) Includes current and long-term debts and future purchase consideration

This selected annual information have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board(“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). This selected annual information is presented in Canadian dollars, which is the functional currency of the Company.

SIGNIFICANT HIGHLIGHTS

The following highlights and developments for the year ended December 31, 2018 and to the date of this MD&A:

During the period reflected, the Company achieved various milestones such as:

- Siyata launched its UV350 Flagship Uniden®, 4G/LTE UV350 In-Vehicle Smartphone with Bell Mobility, Canada’s largest LTE network and PTT Community and commenced sales in Q1 2019.

- Siyata unveiled the innovative features of the vehicle mounted Flagship Uniden® UV350 combined with AT&T Enhanced Push-to-Talk at IWCE. Siyata is now an official vendor to AT&T as it has received its first purchase order for its flagship Uniden® UV350.

- Syata entered into sales partnerships with key partners including Ingram Micro and CNS in the USA, SETMA in France, Logic Wireless in Australia and New Zealand, Aina and Alcan in Canada and others in advance of ramping up Siyata’s sales across multiple markets and multiple verticals.

- Motorola Solutions Israel launches the UV350 integrated with Motorola Solutions’ powerful WAVE Push-To-Talk (PTT) solution. The commercial launch of the UV350 in Israel offers customers in Israel an integrated Push-to-Talk solution by Motorola Solutions.

SIGNIFICANT HIGHLIGHTS (CONT'D…)

- Siyata supplied various departments of the RCMP (Royal Canadian Mounted Police) with its UCP100 in-vehicle cellular device and accessories. The UCP100 continues to be one of the options for markets when responding to a tender or RFP requiring in-vehicle cellular voice coverage only.

- Siyata is advancing with the developing of a 5G dedicated "in-vehicle" smartphone for commercial fleets and vehicles to compliment the 4G/LTE UV350. With 5G networks expecting to launch nationwide in North America over the coming year, the Company aims to provide an in-vehicle solution to meet the demand when it arises.

- Siyata Mobile launches Uniden® Link 4G Cradle Style Cellular Signal Booster for Consumer Vehicles which is available at Costco.ca in addition to the existing portfolio of Uniden Cellular Boosters.

Licensing Agreement with Uniden® America Corp

Siyata Mobile has exclusive rights in North America to market and distribute their innovative devices under the Uniden® brand in categories of cellular amplifiers, connected vehicle cellular devices and rugged cellular products. The re-branding brings strong brand recognition for its devices and introduces a more unified brand to the current dealers, operators and future customers in North America.

Licensing Agreement with Via Licensing

Siyata Mobile Inc. has been granted a license patent for its cellular devices from the patent holder, Via Licensing Corporation for the rights to the LTE patent portfolio worldwide.

Siyata Mobile Inc. has also been granted a license patent from the patent holder, Via Licensing Corporation for the rights to the advanced coding of audio information patent, known as "AAC" worldwide.

Licensing Agreement with Wilson Electronics, LLC

Siyata Mobile Inc. has been granted a license patent for its cellular booster portfolio of products from Wilson Electronics, LLC, for the rights to the cellular booster technology on a worldwide basis.

SIGNIFICANT HIGHLIGHTS (CONT'D…)

Financing Initiatives

From January 1, 2018 until the date of this MD&A, Siyata has raised $10,150,241 through the issuance of shares and exercise of various options and warrants.

a) Siyata Mobile received $410,000 in proceeds from the exercise of 1,300,000 fully vested stock options.
b) Siyata Mobile received $7,187,209 in proceeds from the exercise of 14,374,418 share purchase warrants.
c) Siyata Mobile received $472,322 in proceeds from the exercise of 1,218,138 agents' options.
d) Siyata Mobile had 6,103,889 share purchase warrants expire.
e) Siyata Mobile had 172,812 agent's options expire.
f) Siyata Mobile granted 4,623,800 share purchase warrants at an exercise price of $0.60 expiring December 21, 2021.
g) Siyata Mobile received loan proceeds of $250,000 from the re-instatement of the BDC loan;
h) Completed a non-brokered private placement financing raising CDN$2,080,710 through the issuance of 4,623,800 units of Siyata Mobile at a price of CDN$1.00 (the "Issue Price") per unit (the "Offering"). The Offering was completed through a syndicate with Leede Jones Gable Inc. and Canaccord Genuity Corp. as agents. Each Unit consists of common shares in the capital of the Company and one share purchase warrant ("Warrant"). Each Warrant will entitle the holder to acquire one further Common Share (each, a "Warrant Share") at an exercise price of CDN$0.60 per Warrant Share. The Warrants will expire on December 21, 2021.

OUTLOOK

The Company is a global developer and provider of a vehicle mounted communications platform over advanced mobile networks. Customers include cellular operators and their dealers, commercial vehicle technology distributors and fleets of all sizes in Canada, Europe, Australia and the Middle East. The Company's "Connected-Vehicle" devices and various accessories are specifically designed for enterprise customers and professional fleets such as trucks, vans, buses, ambulances, government cars and more. The Company aims to provide greater mobile connectivity for professional drivers and facilitate replacement of the current in-vehicle, multi device status quo with a single device that incorporates voice, data and fleet management solutions with the new suite of 4G UV350 and UV250 products. In addition, the Company develops, markets and sells rugged mobile devices, cellular amplifiers and various accessories for both consumer and enterprise customers with sales across North America, Europe and the Middle East to multiple retailers, distributors and cellular dealers.

OUTLOOK (CONT'D…)

Siyata received device approval from Bell Mobility, in Q4 2018 and is now an official supplier with its UV350 device to Bell with sales commencing in Q1 2019. Over the past eighteen months, Siyata has been undergoing stringent device approval testing for its UV350 device with AT&T as well as with an additional Tier 1 US based cellular carrier. Siyata finalized a supply agreement with AT&T which cover sales, logistics, pricing and other topics in order to be an approved vendor for this major carrier. The company expects sales to start at AT&T and the additional tier 1 US carrier within in Q2 2019.

With over 13 million commercial and first responder vehicles in North America, this represents a multi-billion dollar opportunity for Siyata which it plans to aggressively capture from 2019 and beyond. In addition, Siyata is working closely with Motorola's Push to Talk software subsidiary Kodiak. The company already launched the UV350 in partnership with Motorola in the Israel market and plans to sell this device to multiple Kodiak partners in North America and globally. Siyata management believes that these key partnerships will unlock large scale sales for its products starting in 2019 and in the coming years.

SUMMARY OF QUARTERLY RESULTS

.	**4th Quarter Ended Dec 31, 2018**	**3rd Quarter Ended Sept 30, 2018**	**2nd Quarter Ended June 30, 2018**	**1st Quarter Ended Mar 31, 2018**
Income/(loss)	$(8,664,631)	$(1,783,906)	$83,726	$(1,163,170)
Comprehensive income/(loss) for the period	$(7,742,589)	$(1,660,060)	$(400,888)	$(849,362)
Loss per share	$(0.09)	$(0.02)	$(0.01)	$(0.01)
	4th Quarter Ended Dec 31, 2017	**3rd Quarter Ended Sept 30, 2017**	**2nd Quarter Ended June 30, 2017**	**1st Quarter Ended Mar 31, 2017**
Income/(loss)	$(4,245,612)	$(258,400)	$(492,827)	$(61,656)
Comprehensive income/(loss) for the period	$(3,597,055)	$(1,461,037)	$(861,571)	$(87,183)
Loss per share	$(0.05)	$(0.00)	$(0.01)	$(0.00)

RESULTS OF OPERATIONS FOR THREE MONTHS ENDED DECEMBER 31, 2018

The following is an analysis of the Company's operating results for the three months ended December 31, 2018 and includes a comparison against the three months ended December 31, 2017.

Operations:

Revenues for the three months ended December 31, 2018 were $2,757,608 compared to $2,762,213 for the same period in the previous year. This negative variance of $4,605 (-0.2%) is due to weakening demand for 3G devices in its existing markets.

Cost of sales for the three months ended December 31, 2018 were $3,909,864 compared to $3,026,247 for the same period in the previous year. The gross margin dollars for this period was negative $1,152,256 compared to negative $264,034 in the previous year, a negative variance of $888,222. The decrease in gross margin dollars is mainly due to 3G products being sold at significantly lower margin to clear out inventory.

Amortization and depreciation costs for the three months ended December 31, 2018 were $393,815 compared to $72,079 for the same period in the previous year. This negative variance is $321,736. This negative variance relates to the $420,490 in amortization of the E-Wave license over a four year period based on its useful life which had not previously been depreciated.

Selling and marketing costs for the three months ended December 31, 2018 were $2,504,593 compared to $1,691,761 for the same period in the previous year. This negative variance of $812,832 is due mainly to the additional marketing costs including consultants specializing in marketing of these products and to promote the new products in North America and globally including trial samples, tradeshows and targeted promotional activities. The Company does not envision the same level of consultant spending in the future periods as approximately $0.9MM was one-time costs.

General and administrative costs for the three months ended December 31, 2018 $1,040,129 were compared to $778,959 for the same period in the previous year. This negative variance of $261,170 relate mainly to the hiring of administrative staff including related travel costs to assist in launching our new suite of products into the international markets. We do not envision the same level of expense spending in the future periods

Share-based payments for the three months ended December 31, 2018 were $375,926 compared to $770,248 for the same period in the previous year which is a positive variance of $394,322 which relates to the valuation of stock options vested during the period.

Finance expense for the three months ended December 31, 2018 was $256,633 compared to an expense of compared to $21,599 for the same period in the previous year for a negative variance of ($235,034). This negative variance resulted mainly from the 10.5% annual interest payable quarterly ($120,750 per quarter) on the $4.6MM debentures borrowed on December 28, 2017 plus the accretion of the value of the debenture of $95,113 as well as the fluctuations in factoring charges on the receivables.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 (CONT'D)

Foreign exchange loss (income) for the three months ended December 31, 2018 of 697,800 compared to $716,901 for the same period in the previous year for a negative variance of ($19,101). This variance resulted from foreign currency fluctuations in the period.

Impairment of intangible assets in the three months' ended December 31, 2018 was $1,954,000 compared to zero in the prior year. This negative variance results from management's decision that based on recent sales volume of one of the legacy 3G products the remaining intangible asset value should be completely written down.

Accretion and change in value of future contingent consideration resulted in an expense for the three months ended December 31, 2018 of $289,479 versus an income of $35,969 for the same period in 2017, a negative variance of $325,448 is due mainly to the revaluation of the price of the 1,000,000 shares owed to the former shareholder by $287,000.

Net income (loss) for the period

The Company experienced a net loss for the three-month period ended December 31, 2018 ($8,664,631) as compared to net loss of ($4,245,612) for the same period in the previous year representing a negative variance of ($4,419,019). This negative variance is due mainly to slightly lower sales volume and gross margin on 3G products resulting in a negative variance of ($888,222), amortization negative variance of ($321,736), SG&A negative variance on the ramp up for the launch of the new products of ($1,074,002), A negative variance due to the impairment in the intangibles of ($1,954,000), a negative variance in finance expenses due to the long term debt of ($235,034), a negative variance in the accretion of future consideration of ($325,448) and a negative variance in foreign exchange of ($19,101).

Loss and comprehensive loss for the period

As a result of the activities discussed above, the Company experienced a comprehensive loss for the three months ended December 31, 2018 of ($7,742,589) as compared to a comprehensive loss of ($3,597,055) for the same period in the previous year representing a negative variance of ($4,145,534).

Adjusted EBITDA

For the three months ended December 31, 2018 the adjusted EBITDA is negative ($4,696,978) versus negative ($2,734,754) in the same period in 2017 a negative variance of ($1,962,224). Adjusted EBITDA is defined as the EBITDA adding back the share based compensation expense.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

The following is an analysis of the Company's operating results for the year ended December 31, 2018 and includes a comparison against the year ended December 31, 2017.

Operations:

Revenues for the year ended December 31, 2018 were $14,220,542 compared to $17,753,006 for the prior year. This negative variance of $3,532,464 (20%) is due mainly low 3G sales while its transitioning to 4G products worldwide.

Cost of sales for the year ended December 31, 2018 were $12,161,044 compared to $13,874,261 for the prior year. The gross margin for the current year was 14.5% relative to 21.8% in the prior year. The decrease in gross margin percentage is mainly due to selling legacy 3G products at lower margins or below cost to clean out inventory, while the Company transitions to its 4G/LTE devices for vehicle-mounted, rugged devices and accessory sales. As a result of the lower sales volume and the decrease in gross margin percentage, the gross margin dollar negative variance compared to the prior year is $1,819,247.

Amortization and depreciation costs for the year ended December 31, 2018 were $704,749 compared to $302,273 for the same period in the prior year. This negative variance of $402,476 consists primarily of the amortization of the intangible for E-Wave license of $420,490 in the year.

Selling and marketing costs for the year ended December 31, 2018 were $5,449,031 compared to $3,839,069 in the prior year. This increase in selling and marketing expense of $1,609,962 is due mainly to samples worldwide for customer trials, the additional marketing costs to promote the new products in North America including consulting fees, device samples to cellular carriers and distributors, travel, tradeshows and targeted marketing activities and marketing consultants to assist in brand awareness and market penetration. Of the $1,609,962 in variance, $900,000 are projected to be one-time expenses that management believes will not recur in 2019.

General and administrative costs for the for the year ended December 31, 2018 were $2,929,277 compared to $2,355,354 for the prior year. This negative variance of $573,923 is primarily due to the hiring of administrative staff including related travel costs to assist in launching our new suite of products into the international markets.

Share-based payments for the year ended December 31, 2018 were $1,102,313 compared to $1,070,464 for the prior year relating to the stock options vested during the period.

Finance expense for the year ended December 31, 2018 were $975,468 compared to $164,099 for the prior year. This negative variance of $811,369 resulted mainly from the 10.5% annual interest payable quarterly ($483,000 in 2018) on the $4.6MM debentures outstanding since December 28, 2017, the accretion of the value of the debenture of $350,930 in the year and the fluctuations in factoring charges on the receivables offset by the interest paid on the BDC was a full year on 2017 and interest only charged for a portion of the year in due to the re-instatement of the BDC loan on June 28, 2018.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018 (CONT'D…)

Foreign exchange loss (income) for the year ended December 31, 2018 was income of ($46,507) compared to $760,459 expense for the prior year. This positive variance of $806,966 resulted from foreign currency fluctuations in the year.

Impairment of intangible assets for the year December 31, 2018 was $1,954,000 compared to zero in the prior year. This negative variance results from management's decision that based on recent sales volume of one of the legacy 3G products the remaining intangible asset value should be completely written down

Accretion of contingent consideration resulted in an expense for the year ended December 31, 2018 of $519,148 versus $479,522 in 2017 a negative variance of $39,826. This variance results mainly due to the fluctuation in the share price of the Company on the issuance in this period and last year at the same period of 1,000,000 shares to the former shareholders of Signifi Mobile Inc. as outlined in the Purchase and Sale Agreement of Signifi, the adjustment of the remaining 1,000,000 shares owed based on the average price at the closing date as well as the drawdown of the full amount of the future consideration from the acquisition of the E-Wave assets of $804,929.

Net loss for the period
As a result of the activities discussed above, the Company experienced a net loss for the year ended December 31, 2018 of ($11,527,981) as compared to net loss of ($5,058,495) for the same period in the previous year representing a negative variance of ($6,469,486).

Loss and comprehensive loss for the period
As a result of the activities discussed above, the Company experienced a comprehensive loss for the year ended December 31, 2018 of ($10,658,899) as compared to a comprehensive loss of ($5,218,304) for the previous year, representing a negative variance of ($5,440,595).

Adjusted Ebitda
For the year ended December 31, 2018 the adjusted Ebitda is negative ($6,318,810) vs negative ($2,315,678) in the prior year, a negative variance of ($4,003,132). Adjusted EBITDA is defined as the EBITDA adding back the share-based payments.

RISKS AND UNCERTAINTIES

Ongoing Need for Financing/Possible Dilution to Present and Prospective Shareholders
It is intended that the Company will continue to make investments to support business growth and may require additional funds to respond to business challenges, including the need to develop new products and services or enhance existing products and services, enhance operating infrastructure and acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company's shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, additional financing may not be available on favourable terms, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to them, when they require it, their ability to continue to support business growth and to respond to business challenges could be significantly limited. From time to time, the Company may enter into transactions to acquire the assets or shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. The level of the Company's indebtedness from time to time could impair its ability to obtain additional financing in the future, on a timely basis, to take advantage of business opportunities that may arise.

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

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

Lack of Dividend Policy
The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

History of losses
The Company has a history of net losses, may incur net losses in the future and may not achieve or maintain profitability. The Company may not be able to achieve or maintain profitability and may continue to incur losses in the future. In addition, it is expected that the Company will continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. If the Company is unable to attract new customers or to sell additional products to its existing customers, the Company's revenue growth will be adversely affected.

RISKS AND UNCERTAINTIES (CONT'D)

Customers

To increase the Company's revenues, it must regularly add new customers, sell additional products and/or services to existing customers and encourage existing customers to increase their minimum commitment levels. If the Company's existing and prospective customers do not perceive the Company's products to be of sufficiently high value and quality, the Company may not be able to attract new customers or increase sales to existing customers and its operating results will be adversely affected.

Quarterly Results

The Company's quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of its control. If the Company's quarterly results of operations fall below the expectations of securities analysts or investors, the price of the Company's shares could decline substantially. Fluctuations in quarterly results of operations may be due to a number of factors, including, but not limited to, those listed below:

- the Company's ability to increase sales to existing customers and attract new customers;
- the addition or loss of large customers;
- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the Company's business, operations and infrastructure;
- the timing and success of any new product/service introductions by the Company or its competitors;
- changes in the Company's pricing policies or those of competitors;
- service outages or security breaches;
- the extent to which any of the Company's significant customers terminate their service agreements;
- increasing competition;
- new advancement in technology;
- limitations of the capacity of the Company's network and systems;
- the timing of costs related to the development or acquisition of technologies, products and services or businesses;
- delays in manufacturing or in component purchases;
- possible key component end of life;
- general economic, industry and market conditions; and
- geopolitical events such as war, threat of war or terrorist actions.

The quarterly revenues and results of operations of the Company may vary significantly in the future and period-to-period comparisons of the Company's operating results may not be meaningful.

Business Related Regulatory Matters

The operations carried on by the Company are subject to government legislation, policies and controls. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the industry are beyond the control of the Company and could have a material adverse impact on the Company and its business.

RISKS AND UNCERTAINTIES (CONT'D…)

Consumer's Personal Information

On behalf of its customers, the Company collects and uses anonymous and personal information and information derived from the activities of consumers. This enables the Company to provide its customers with anonymous or personally identifiable information from and about such consumers. Government bodies and agencies have adopted or are considering adopting laws regarding the collection, use and disclosure of this information. The Company's compliance with privacy laws and regulations and its reputation among the public depend on its customers' adherence to privacy laws and regulations and their use of the Company's products in ways consistent with consumers' expectations. The Company also relies on representations made to it by its customers that their own use of the Company's products and the information the Company provides to them via its products and services do not violate any applicable privacy laws, rules and regulations or their own privacy policies. If these representations are false or if the Company's customers do not otherwise comply with applicable privacy laws, the Company could face potential adverse publicity and possible legal or other regulatory action.

Competition

The Company competes in a rapidly evolving and highly competitive market. Some of the Company's potential competitors have longer operating histories, greater name recognition, access to larger customer bases and substantially greater resources, including sales and marketing, financial and other resources. As a result, these competitors may be able to:

- absorb costs associated with providing their products at a lower price;
- devote more resources to new customer acquisitions;
- respond to evolving market needs more quickly than the Company; and
- finance more research and development activities to develop better products.

In addition, many of these companies may have pre-existing relationships with the Company's current and potential customers. If the Company is not able to compete successfully against its current and future competitors, it will be difficult to acquire and retain customers, and the Company may experience limited revenue growth, reduced revenues and operating margins and loss of market share.

Technology Changes

The market for the Company's products and services is characterized by rapid technological advances, changes in customer requirements, changes in protocols and evolving industry standards. If the Company is unable to develop enhancements to, and new features for, its existing products and services or acceptable new products and services that keep pace with rapid technological developments, its products and services may become obsolete, less marketable and less competitive and the Company's business will be harmed.

RISKS AND UNCERTAINTIES (CONT'D…)

The Company has plans for growth in future periods

If the Company fails to manage its growth effectively, it may be unable to execute its business plan, maintain high levels of service or address competitive challenges adequately in its constantly evolving technology arena. The Company plans to substantially expand its overall business, customer base, headcount and operations in future periods both organically and through acquisitions. In addition, the Company has and will make substantial investments in its overall operations as a result of its plans for growth. The Company will need to continue to expand its business. It is anticipated that this expansion will require substantial management effort and significant additional investment. In addition, the Company will be required to continue to improve its operational, financial and management controls and its reporting procedures. As such, the Company may be unable to manage its expenses effectively in the future, which may negatively impact gross margins or cause operating expenses to increase in any particular quarter. If the Company is unable to manage its growth successfully, its business will be harmed. Failure to effectively expand the Company's sales and marketing capabilities could harm its ability to increase its customer base and achieve broader market acceptance of products. Increasing the Company's customer base and achieving broader market acceptance of its products will depend to a significant extent on its ability to expand its sales and marketing operations. It is expected that the Company will be substantially dependent on its direct sales force to obtain new customers. There is significant competition for direct sales personnel with the sales skills that the Company requires. The Company's ability to achieve significant growth in revenues in the future will depend, in large part, on its success in recruiting, training and retaining sufficient numbers of direct sales personnel. New hires require significant training and, in most cases, take a significant period of time before they achieve full productivity. The Company's hires may not become as productive as it would like, and the Company may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where it does business. The Company's business will be seriously harmed if these expansion efforts do not generate a corresponding significant increase in revenues.

Vendor Certification Process

Siyata is required as a vendor to Tier 1 cellular operators to undergo a lengthy certification and customization process. The substantial investment in operating expenses, and failure to obtain such certification would adversely impact our results of operations and financial condition.

Potential Conflicts of Interest

Certain directors or officers of the Company are also directors, officers, shareholders and/or Promoters of other reporting and non-reporting issuers. Such associations may give rise to conflicts of interest from time to time. The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the BCBCA.

RISKS AND UNCERTAINTIES (CONT'D…)

Reliance on Others and Key Personnel
The success of the Company is largely dependent upon the performance of its management and key employees, as well as the talents of its outside consultants and suppliers. The Company may not have any "key man" insurance policies, and therefore there is a risk that the death or departure of any one or more members of management or any key employee could have a material adverse effect on the Company. The Company also faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain the employees, personnel and/or consultants necessary to successfully carry out its activities.

Limited Number of Customers
Historically, the Company has had a limited number of customers. The loss of any significant customer or any significant reduction in orders by a significant customer may have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, as a result of the limited number of customers, credit risk on receivables is concentrated.

Reliance on Suppliers
Manufacturing of the Company's products and other devices for its services depends on obtaining adequate supplies of components on a timely basis. The Company sources several key components used in the manufacture of its products and devices from a limited number of suppliers, and in some instances, a single source supplier.

In addition, these components are often acquired through purchase orders and the Company may have no long-term commitments regarding supply or pricing from the suppliers. Lead-times for various components may lengthen, which may make certain components scarce. As component demand increases and lead-times become longer, the suppliers may increase component costs. The Company will also depend on anticipated product and service orders to determine its materials requirements. Lead-times for limited-source materials and components can vary significantly and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. From time to time, shortages in allocations of components may result in delays in filling orders. Currently, the global recession has caused some component suppliers to reduce inventories and production. Shortages and delays in obtaining components in the future could impede the Company's ability to meet customer orders. Any of these sole source or limited source suppliers could stop producing the components, cease operations entirely, or be acquired by, or enter into exclusive arrangements with, the Company's competitors. As a result, these sole source and limited source suppliers may stop selling their components to outsourced manufacturers at commercially reasonable prices, or at all. Any such interruption, delay or inability to obtain these components from alternate sources at acceptable prices and within a reasonable amount of time would adversely affect the Company's ability to meet scheduled product and service deliveries to its customers and reduce margins realized.

Alternative sources of components are not always available or available at acceptable prices. In addition, the Company relies on, but has limited control over, the quality, reliability and availability of the components supplied. If the Company cannot manufacture its products or devices for its services due to a lack of components, or is unable to redesign its products or devices with other components in a timely manner, its business, results of operations and financial condition could be adversely affected.

RISKS AND UNCERTAINTIES (CONT'D…)

Reliance on Technology and Intellectual Property
The Company will require continuous technological improvements in order to remain competitive. There can be no assurance that the Company will be successful in its efforts in this regard. While Siyata anticipates that its research and development experience will allow it to explore additional business opportunities, there is no guarantee that such business opportunities will be presented or realized. The commercial advantage of the Company may depend to an extent on its intellectual property and its ability to prevent others from copying such proprietary technologies and any patents it may hold. In the future, the Company may seek additional patents or other similar protections in respect of a particular technology or process; however, there can be no assurance that any future patent applications will actually result in issued patents, or that, even if patents are issued, they (or any existing patents) will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Company. Moreover, the process of seeking patent protection can itself be long and expensive. In the meantime, competitors may develop technologies that are similar or superior to the technology of the Company or design around the patents owned by the Company, thereby adversely affecting the Company's competitive advantage in one or more of its businesses. Despite the efforts of the Company, its intellectual property rights may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps it may take to protect its intellectual property rights and other rights to such proprietary technologies that are central to the Company's operations will prevent misappropriation or infringement of such technologies. If a third party asserts that the Company is infringing its intellectual property, whether successful or not, it could subject the Resulting Issuer to costly and time-consuming litigation or expensive licenses, and the Company's business may be harmed.

Technology industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. As the Company faces increasing competition, the possibility of intellectual property rights claims against it will grow. The Company's technologies may not be able to withstand any third-party claims or rights against their use. Furthermore, if there are any existing agreements that require Siyata to indemnify its customers for third-party intellectual property infringements claims, Siyata's costs would increase as a result of defending such claims and may require that the Company pay damages if there were an adverse ruling in any such claims. These types of claims could harm the Company's relationships with its customers, may deter future customers from subscribing to its products and services or could expose the Company to litigation with respect to these claims.

Potential Political Instability in Israel
The Company has business operations in Israel. Accordingly, political, economic and military conditions in and surrounding Israel may directly affect its business. There are significant ongoing hostilities in the Middle East, particularly in Syria and Iraq, which may impact Israel in the future. Any hostilities involving Israel, a significant increase in terrorism or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could materially adversely affect the Company's operations. Ongoing and revived hostilities or other Israeli political or economic factors could materially adversely affect the Company's business, operating results and financial condition.

RISKS AND UNCERTAINTIES (CONT'D…)

Employees Military Reserve Duty
Many of the Company's employees in Israel are obligated to perform annual military reserve duty in the Israel Defense Forces and, in the event of a military conflict, could be called to active duty. The Company's operations could be disrupted by the absence of a significant number of its employees related to military service or the absence for extended periods of military service of one or more of its key employees. Military service requirements for the Company's employees could materially adversely affect the Company's business, operating results and financial condition.

Litigation
All industries are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's operations and financial position.

Changes in Laws
Changes to any of the laws, rules, regulations or policies to which the Company is subject could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Trade dispute between USA and China
Our products are manufactured in a facility in China. As a result of the unresolved trade dispute between the USA and China, it is not possible to estimate any significant additional costs that may be incurred when shipping our products to various USA customers. This trade dispute could adversely impact our business, results of operations and financial condition.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, reserves, accumulated translation differences and deficit). 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 December 31, 2018, the Company is only subject to externally imposed capital requirements arising from the quarterly payments of interest on the debenture as described in Note 9, and the monthly principal and interest payments from the BDC loan described in Note 8. SMI is also subject to a debt covenant in relation to the factoring agreement described in Note 4. At no time during the year was the Company in breach of the covenant.

LIQUIDITY AND CAPITAL RESOURCES (CONT'D…)

Siyata Mobile Israel has a factoring facility with Israeli banks whereby the Bank advances funds to Siyata Mobile Israel and charges a fluctuating interest rate on the advanced funds until it is repaid by the borrowers' customers. The Bank has a lien on these receivables. The factored receivables are all required to be insured in case of customer default with a financial institution.

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations primarily through a combination of demand loans and the sale of share capital by way of private placements. As at December 31, 2018 the Company had a cash balance of $2,420,205 (December 31, 2017: $4,384,596). As at December 31, 2018 the Company had an accumulated deficit of $22,619,168 (December 31, 2017: $11,091,187) and working capital of $4,565,215 (December 31, 2017: $9,652,702).

Net cash flows used in operating activities for the year ended December 31, 2018 were ($2,996,235) compared with cash used of ($5,779,108) in the prior year. The decrease in cash used of $2,782,873 in operating activities was primarily due to the lowering in receivables, advances to suppliers, prepaids, inventory, due from (to) related party and increase of accounts payable and accrued liabilities totalling $6,439,478 offset by the variance in the operating loss net of the amortization, accretion, share based payment, deferred tax recovery of the prior year and impairment totaling $3,656,605.

Net cash flows used in investing activities for the year ended December 31, 2018 were $2,879,193 compared with $3,198,432 in the prior year, a positive variance of $319,239. This positive variance relates primarily to the decrease in the capitalization of development of intangible assets in the period compared to the prior year as well as the prior year had paid an additional $150,000 related to the acquisition of Signifi.

Net cash provided by financing activities for the year ended December 31, 2018 was $3,813,315 (December 31, 2017 – $12,733,208). This negative variance of $8,919,893 relates to the prior years' net proceeds from the issuance of 12,835,000 common shares for net proceeds of $3,646,076 pursuant to a private placement as compared to 4,623,800 common shares for net proceeds of $1,705,287 in the year, prior years' net proceeds of $4,536,024 from the 10.5% convertible debenture, prior years' proceeds from the exercise of share purchase warrants and agents' warrants for $4,308,649 compared to $1,464,028 in this year plus the prior years' stock options exercised for proceeds of $205,000 compared to $410,000 in this year plus the loan proceeds received from the BDC net of capital repayments in the year of $230,000.

The future success of the Company is now dependent on the continued success of its vehicle mounted communications products, its mobile rugged phones and its Booster systems in the market together with the ability to finance the necessary working capital, at agreeable terms, to support the growth of the business.

The Company's consolidated financial statements have been prepared in accordance with IFRS under 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. The consolidated 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 in existence.

SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Issued and outstanding:

As at December 31, 2018 the Company had 103,718,805 common shares issued and outstanding.

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.

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

	Number of Stock Options	Weighted Average Exercise Price
Outstanding options, December 31, 2016	**5,875,000**	**$0.31**
Granted	3,355,000	0.58
Exercised	(650,000)	0.30
Outstanding options, December 31, 2017	**8,580,000**	**0.42**
Granted	2,210,000	0.50
Exercised	(1,300,000)	0.32
Outstanding options, December 31, 2018	**9,490,000**	**$0.44**

SHARE CAPITAL (CONT'D…)

At December 31, 2018, stock options outstanding are as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
July 24, 2015	400,000	400,000	$0.30	July 23, 2020	1.56
July 24, 2015	150,000	150,000	0.60	July 23, 2020	1.56
July 28, 2015	250,000	250,000	0.30	July 28, 2020	1.58
August 10, 2015	425,000	425,000	0.30	August 7, 2020	1.60
September 30, 2015	2,700,000	2,700,000	0.30	July 23, 2020	1.56
January 1, 2017	320,000	280,000	0.36	January 1, 2022	3.01
January 11, 2017	360,000	300,000	0.36	January 11, 2022	3.03
April 4, 2017	1,000,000	875,000	0.45	April 4, 2022	3.27
July 24, 2017	1,600,000	1,000,000	0.69	July 24, 2022	3.56
October 1, 2017	75,000	75,000	0.64	April 1, 2019	0.25
December 24, 2018	2,210,000	496,667	0.50	December 24, 2023	4.98
Total	**9,490,000**	**6,951,667**	**$0.44**		**2.42**

From January 1, 2019 until the date of this MD&A, 320,000 stock options were granted at an exercise price of $0.50 and 1,790,000 stock options were granted at an exercise price of $0.55.

As at the date of the MD&A, stock options outstanding are as follows:

Grant Date	Number of options outstanding	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
July 24, 2015	400,000	$0.30	July 23, 2020	1.25
July 24, 2015	150,000	$0.60	July 23, 2020	1.25
July 28, 2015	250,000	$0.30	July 28, 2020	1.26
August 10, 2015	425,000	$0.30	August 7, 2020	1.29
September 30, 2015	2,700,00	$0.30	July 23, 2020	1.25
January 1, 2017	320,000	$0.36	January 1, 2022	2.69
January 11, 2017	360,000	$0.36	Jan 11, 2022	2.71
April 4, 2017	1,000,00	$0.45	April 4, 2022	2.95
July 24, 2017	1,600,00	$0.69	July 24, 2022	3.25
October 1, 2017	75,000	$0.64	April 1, 2019	0.07
December 24, 2018	2,210,000	$0.50	Dec 24, 2023	4.67
January 15, 2019	320,000	$0.50	Jan 15, 2023	4.73
March 21, 2019	1,790,000	$0.55	March 21, 2024	4.91
Total	**11,600,000**	**$0.47**		**1.66**

SHARE CAPITAL (CONT'D…)

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

	Number of options	Weighted average exercise price
Outstanding agent options, December 31, 2016	**1,574,582**	**$ 0.31**
Granted	1,126,800	0.41
Exercised	(1,251,285)	0.31
Expired	(59,147)	0.30
Outstanding agent options, December 31, 2017	**1,390,950**	**0.39**
Granted	227,976	0.60
Exercised	(396,242)	0.36
Expired	(55,443)	0.35
Outstanding agent options, December 31, 2018	**1,167,241**	**$ 0.45**

During the year, 396,242 agents' options were exercised at an average of $0.36 for proceeds of $143,564 and 55,443 agents' options expired at an exercise price of $0.35 per agents' option. As well 227,976 agents' options were granted as partial compensation for the private placement on December 21, 2018.

At December 31, 2018 agents' options outstanding and exercisable are as follows:

Grant Date	Number of Agents Options outstanding and exercisable	Exercise Price	Expiry date
March 16, 2017	839,265	$0.40	March 16, 2019
March 16, 2017	100,000	$0.50	March 16, 2019
December 21, 2018	227,976	$0.60	December 21, 2021

From January 1, 2019 until the date of this MD&A, 821,896 agents' options were exercised at $0.40 for total proceeds of $328,758 and 117,369 agent's options expired at an average exercise price of $0.48.

At the date of this MD&A agents' options outstanding and exercisable are as follows:

Grant Date	Number of Agents Options outstanding and exercisable	Exercise Price	Expiry date
December 21, 2018	227,976	$0.60	December 21, 2021

SHARE CAPITAL (CONT'D…)

Share Purchase Warrants:

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

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2016	**15,468,940**	**$ 0.55**
Granted	17,435,000	0.50
Exercised	(6,644,246)	0.59
Expired	(1,181,387)	0.60
Outstanding, December 31, 2017	**25,078,307**	**0.54**
Granted	4,623,800	0.60
Exercised	(2,648,928)	0.50
Expired	(5,350,430)	0.50
Outstanding, December 31, 2018	**21,702,749**	**$ 0.56**

At December 31, 2018 share purchase warrants outstanding and exercisable are as follows:

Grant Date	Number of Warrants outstanding and exercisable	Exercise Price	Expiry date
March 16, 2017	12,478,949	$0.50	March 16, 2019
December 28, 2017	4,600,000	$0.70	December 28, 2019
December 24, 2018	4,623,800	$0.60	December 24, 2021

Subsequent to the year end and prior to the date of this MD&A, an additional 11,725,490 share purchase warrants were exercised at $0.50 per warrant for total proceeds of $5,862,745 and 753,459 share purchase warrants exerciseable at $0.50 expired.

As of the date of this MD&A share purchase warrants outstanding and exercisable are as follows:

Grant Date	Number of Warrants outstanding and exercisable	Exercise Price	Expiry date
December 28, 2017	4,600,000	$0.70	December 28, 2019
December 24, 2018	4,623,800	$0.60	December 24, 2021

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.

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's cash, trade and other receivables, due from related party, and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statement of financial position.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2018 and December 31, 2017:

	Level 1	Level 2	Level 3
December 31, 2017:			
Future purchase consideration	$ 280,852	$ -	$ 804,929
December 31, 2018:			
Future purchase consideration	$ 430,000	$ -	$ -

The balance of future purchase consideration above is the current portion, plus the present value of the non-current portion presented on the consolidated statements of financial position.

The input used in Level 1 for the year ended December 31, 2018 and for the year ended December 31, 2017 is either the cash the Company is obligated to pay as an anniversary payment or the Company's share price quoted on active markets, or a combination thereof, depending on which payment form is considered most probable to be chosen by the vendor (Note 7). The inputs used in Level 3 for the year ended December 31, 2018 and for the year ended December 31, 2017 is current purchase orders received, less estimated costs to complete the purchase orders, as stated in the contract (Note 7).

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.

FINANCIAL INSTRUMENTS (CONT'D…)

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 (2017 - 33%) 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 80% 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)	December 31, 2018	December 31, 2017
Israel	$ 626	$ 1,808
Europe	25	-
North America	274	147
Total	$ 925	$ 1,955

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.

FINANCIAL INSTRUMENTS (CONT'D…)

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 4).

With the exception of employee benefits, the Company's accounts payable and accrued liabilities have contractual terms of 90 days. The employment benefits included in accrued liabilities 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 December 31, 2018, the Company's exposure to foreign currency risk with respect to financial instruments is as follows:

(in CAD thousands)	USD	NIS	EUR	CAD	Total
Financial assets and financial liabilities:					
Current assets					
Cash	$ 34	$ 497	$ 2	$ 1,887	$ 2,420
Trade and other receivables	165	408	-	37	610
Current liabilities					
Accounts payable and accrued liabilities	(367)	(2,619)		(1,005)	(3,991)
Due to related party	(198)	-	-	-	(198)
Future purchase consideration	-	-	-	(430)	(430)
Convertible debentures	-	-		(3,905)	(3,905)
Long term debt	-	-		(230)	(230)
Total	**$ (366)**	**$ (1,714)**	**$ 2**	**$ (3,646)**	**$ (5,724)**

FINANCIAL INSTRUMENTS (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 sensitively to interest rates is currently immaterial as the Company's debt bears interest at fixed rates.

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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated 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 consolidated 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D…)

- Inventory - Inventory is 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.

- 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.

- Future purchase consideration - In a business combination, the Company recognizes a contingent consideration at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss, or as a change to other comprehensive income ("OCI"). If the contingent consideration is not within the scope of IAS 39, it is measured at fair value in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

- Contingent consideration from an asset acquisition is recognized when: the conditions associated with the contingency are met; the Company has a present legal or constructive obligation that can be estimated reliably; and it is probably that an outflow of economic benefits will be required to settle the obligation

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D…)

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 consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

(a) New accounting pronouncements

The following new accounting policies were adopted by the Company during the year ended December 31, 2018:

- IFRS 9 - Financial Instruments, first issued in November 2009 with final version released in July 2014 by the IASB, brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39. IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. All financial assets, including hybrid contracts, are measured as at fair value through profit and loss (FVTPL), fair value through OCI or amortized cost.

  For financial liabilities, IFRS 9 includes the requirements for classification and measurement previously included in IAS 39.

  IFRS 9 also introduces an expected loss impairment model for all financial assets not as at FVTPL. The model has three stages: (1) on initial recognition, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established; (2) if credit risk increases significantly and the resulting credit risk is not considered to be low, full lifetime expected credit losses are recognized; and (3) when a financial asset is considered credit-impaired, interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount.

RECENT ACCOUNTING PRONOUNCEMENTS (CONT'D)

Finally, IFRS 9 introduces a new hedge accounting model that aligns the accounting for hedge relationships more closely with an entity's risk management activities. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company has adopted IFRS 9 effective January 1, 2018. Adopting IFRS 9 did not result in any material impact to the financial statements

- IFRS 15 - Revenues from Contracts with Customers supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company adopted IFRS 15 using the full retrospective method of adoption which did not result in any material impact to the financial statements.

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 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company has completed an evaluation and does not anticipate any material impact from adopting this standard.

- IFRIC 23 - Uncertainty over Income Tax Treatments: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019. The Company does not expect a material impact from adopting IFRIC 23 on its consolidated statements

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 consist 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:

		2018		2017
Payments to key management personnel:				
Salaries, Consulting and directors' fees		$943,568	$	637,641
Share-based payments		280,003		410,932
Total	$	1,223,571	$	1,048,573

Other related party transactions are as follows:

Type of Service	Nature of Relationship	(in thousands) 2018	2017
Sales	Accel (common directors)	$233	$124
Cost of sales	Accel (common directors)	-	94
Selling and marketing expenses	VP Technology	136	125
General and administrative expense	Accel (common directors)	332	364
General and administrative expense	Companies controlled by the CEO, and Directors	838	242

Balances and transactions with Accel Telecom Ltd.

Until September 30, 2018, the Company had a management agreement with a related company, Accel Telecom Ltd. ("Accel"). As part of the agreement, the Company paid Accel $US 25,000 per month for management services (including services related to finance, general operations, insurance, administration, and other). From October 1, 2018 the monthly fee was reduced to $US 11,000 per month (2017 – 12 months at $US 25,000).

Included in due to related party as at December 31, 2018 is a balance payable to Accel of $198,362 (December 31, 2017 balance due from the related party of $776,000). The balance is non-interest bearing.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.