AcuityAds Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

Dated June 30, 2014

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This management's discussion and analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of AcuityAds Inc. ("Acuity" or the "Company") as of and for the three months ended March 31, 2014 and 2013. This analysis should be read in conjunction with the audited consolidated financial statements of the Company as of December 31, 2013, 2012, 2011, and January 1, 2011 and for the years ended December 31, 2013, 2012, and 2011 and related notes (the "consolidated financial statements"). The consolidated financial statements of Acuity, and extracts of those consolidated financial statements provided in this MD&A, were prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward looking information. Please see the "Forward Looking Information" section at the end of this document for a discussion of the use of such information in this MD&A.

The information in this report is dated as of June 30, 2014.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as "may", or by such words as "will", "intend", "believe", "estimate", "consider", "expect", "anticipate", and "objective" and similar expressions or variations of such words. Forward looking statements are, by their nature, not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. No representation or warranty is intended with respect to anticipated future results, or that estimates or projections will be sustained.

In developing the forward-looking statements in the MD&A, the Company has applied several material assumptions, including the availability of financing on reasonable terms, the Company's ability and general business and economic conditions. Many risks, uncertainties and other factors could cause the actual results of Acuity to djffer materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to the following: overall economic conditions, rapid technological changes, use of cookies, demand for our product, the introduction of competing technologies, competitive pressures, network restrictions, fluctuations in foreign currency exchange rates, and other similar factors that may cause the actual results, performance or achievements to differ materially from those expressed or implied in these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of the MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained in the MD&A are expressly qualified in their entirety by this cautionary statement.

OVERVIEW

Acuity is a technology company that has developed a proprietary programmatic marketing platform (the "Programmatic Marketing Platform") to intelligently connect digital advertisers to consumers across online display, mobile, social and video advertising channels, and solve the key challenges that digital advertisers face. The Programmatic Marketing Platform is powered by Acuity's proprietary machine learning technology that uses Big Data to intelligently target and connect digital advertisers with consumers. Acuity has offices in Canada and the United States, and its customers include both large Fortune 500 enterprises and small to mid-sized businesses.

Acuity's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and Acuity's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms which are the foundation of Acuity's Programmatic Marketing Platform.

The Programmatic Marketing Platform allows advertisers to manage their purchasing of online display advertising in real-time using real-time bidding ("RTB"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. Acuity purchases impressions for advertisers through publishers, ad networks and exchanges. Our technology platform benefits advertisers by enabling them to manage their bid amounts, meet specific performance metrics and achieve consumer targeting goals.

The market for buying and selling digital advertising is rapidly increasing in size, driven by the proliferation of display, mobile, social and video channels and the resulting increase in internet usage. Digital advertising is shifting to market-driven RTB systems such as Acuity's. We offer a platform for advertisers across all of these channels to compete for a larger share of advertisers' budgets.

We generate revenue by using our Programmatic Marketing Platform to deliver digital advertisements to consumers across online display, video, social and mobile channels. Our contracts are short-term in nature, with a term of less than one year, and we recognize revenue as we deliver advertising impressions, subject to satisfying all other revenue recognition criteria. Our revenue recognition policies are discussed in more detail under "Critical Accounting Policies and Estimates."

For the three months ended March 31, 2014 our net loss was $732,244 compared to net income of $165,909 for the three months ended March 31, 2013. For the three months ended March 31, 2014 and 2013, our adjusted EBITDA was $(382,348) and $295,142, respectively. Adjusted EBITDA is a non-IFRS financial measure. For a definition of adjusted EBITDA, an explanation of our management's use of this measure and a reconciliation of adjusted EBITDA to our net loss, see "Non-IFRS Financial Measures." We are investing in long-term growth of the Company. We anticipate that our operating expenses will increase as we hire new talent for sales and marketing to strengthen relationships with existing customers, acquire new customers, and increase our presence in the USA. As well we plan to invest in research and development to enhance our Programmatic Marketing Platform. We believe that these investments will contribute to our long-term growth; however, they will reduce our profitability in the near term.

RESULTS OF OPERATIONS

Significant Developments for the three months ended March 31, 2014 and to the date of this report

During the three months ended March 31, 2014, we continued to build our business by hiring new sales staff and technology developers. We expanded our presence in the USA, with the hiring of sales staff in California.

In April 2014, we hired Ms. Cathy Steiner as Chief Financial Officer. Prior to joining Acuity, she was chief financial officer of a publicly-traded company. Previously, she held the positions of Managing Director of Nucleus GC, an advisory services boutique, Executive Director Investment Banking for CIBC World Markets and Vice President Investment Banking for Yorkton Securities. Cathy holds an MBA (Schulich School of Business, York University), M.Sc. (McMaster University) and B.Sc. (University of Toronto), as well as the CPA, CA designation.

In April 2014 we completed a private placement of subscription receipts for gross proceeds of approximately $5.75 million and we entered into a binding agreement (the "Definitive Agreement") for a business combination (the "Transaction") with Wildlaw Capital CPC 2 Inc. ("Wildlaw"). Completion of the Transaction is subject to compliance with the terms and conditions set forth in the Definitive Agreement including, but not limited to: (i) the entering into of an amalgamation agreement and other agreements necessary for the Transaction; (ii) receipt of all required approvals, including TSXV approval, the approval of the shareholders of Acuity in respect of the Transaction and related matters, the approval of the shareholders of Wildlaw in respect of certain matters related to the Transaction, and all necessary consents of lenders and other third parties; and (iii) certain other customary conditions for a transaction of this nature. As a result of the Transaction, Acuity will complete a reverse takeover of Wildlaw and the resulting issuer will be publicly traded on the TSX Venture Exchange ("TSXV").

In May 2014, we hired Ms. Funke Fabunmi as Vice President, Ad Operations, in which capacity she is responsible for developing a leading team of professionals who manage media campaigns to ensure that advertiser goals are exceeded and campaigns are profitable to Acuity. Ms. Fabunmi has over 15 years of experience leading Ad Operations at publishers and networks including Olive Media, Corus Entertainment, and Quebecor.

In June 2014 we hired Mr. Raymond Reid as President, Ad Science, a new division of Acuity that will leverage our programmatic marketing platform to drive intelligent consumer targeting and segmentation insights while supporting automation of the media buy across all media types. Ray has almost twenty years of experience working at the intersection of digital media and advertising. He joins Acuity from OgilvyOne WorldWide, where he was Managing Director of Neo@Ogilvy responsible for building the digital media division. He is also co-founder of InsideDigital.org, an online interactive event series designed to inform, educate and connect advertisers with their peers and form a community focused on driving digital thinking.

We hired Mr. Ashley Bast as Vice President, Marketing in June 2014, following approximately six months of consulting to to us in the same capacity and more than fifteen years at major consumer packaged goods brands including Procter & Gamble, Campbell Company, and Canada Bread Company. As Vice President, Marketing Ashley will lead our brand positioning and help establish Acuity as a trusted advisor to top brands and their advertising agencies.

Results for the three months ended March 31, 2014 and 2013

The following table provides selected financial information from the statements of comprehensive income (loss) for the three months ended March 31, 2014 and 2013:

	Three months ended	
	March 31, 2014	March 31, 2013
Revenue	$ 2,776,817	$ 2,213,865
Revenue less media costs[1]	1,461,722	1,351,992
Adjusted EBITDA[1]	(392,348)	295,142
Income (loss) from operations	(451,529)	261,889
Income (loss) and comprehensive income (loss)	(732,244)	165,909
Income (loss) per share (basic and diluted)	(0.01)	(0.00)

1 As defined in "Non-IFRS Financial Measures".

For the three months ended March 31, 2014, revenue increased $562,952 to $2,776,817 compared to $2,213,865 for the three months ended March 31, 2013. Revenue growth was driven primarily by an increase in active customers from 111 to 187. Sales of our Programmatic Marketing Platform on a self-service basis contributed revenue of $157,709 during the current quarter compared to nil in the same quarter of the prior year, because we had not yet launched the self-serve offering. Revenue generated in the USA was $485,507 for the three months ended March 31, 2014, an increase of 246% from the prior year quarter. Loss from operations of $451,529 for the three months ended March 31, 2014 increased $713,418 from income of $261,889 for the three months ended March 31, 2013. The decrease in income was attributable to increased headcount and expenditures, mainly in sales and marketing as well as research and development of our technology. Loss and comprehensive loss for the three months ended March 31, 2014 increased $898,153 due to increased expenses and interest costs, partially offset by revenue growth as detailed below.

Our revenues have varied from quarter to quarter as a result of a variety of factors, some of which are outside of our control. Our third quarter ending September 30 has shown modest seasonal weakness in 2012 and 2013, as advertisers reduced their advertising activity during the summer, and we expect this seasonal trend to continue in this fiscal year. Quarterly increases in revenue throughout the rest of the year as compared to the same periods in the immediately prior year are mainly due to an increased number of advertiser customers.

Our rapid growth has led to uneven overall operating results due to changes in Acuity's investment in sales and marketing and research and development from quarter to quarter and increases in employee headcount. In the long-term, the seasonality and cyclicality of our revenues will depend upon the seasonality and cyclicality of our customers. For example, advertisers in the retail sector may spend the largest portion of their advertising budgets during the fourth quarter, in preparation for the holiday shopping season, whereas advertisers in the entertainment industry may concentrate their spending to coincide with the launch and display of content, such as television shows.

Non-IFRS Financial Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as Revenue less media costs, Revenue less media costs margin and Adjusted EBITDA.

Adjusted EBITDA and Revenue less Media Costs are not measures of performance under IFRS and should not be considered in isolation or as a substitute for net and comprehensive income or loss prepared in accordance with IFRS or as a measure of operating performance or profitability. Adjusted EBITDA or revenue less media costs do not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

Revenue less Media Costs

The Term "Revenue less media costs" refers to the net amount of revenue after deducting direct media costs. Media costs comprise costs for advertising impressions we purchase from real-time advertising exchanges or through other third parties. Revenue less media costs is used for internal management purposes as an indicator of the performance of our solution in balancing the goals of delivering excellent results to advertisers while meeting our margin objectives and, accordingly we believe it is useful supplemental information to include in this MD&A. The term "Revenue less media costs margin" refers to the percentage that Revenue less Media Costs for any period represents as a percentage of total revenue for that period.

The following table sets out a reconciliation of revenue less media costs to revenue for each of the periods indicated:

	Three months ended	
	March 31, 2014	March 31, 2013
Revenue	$ 2,776,817	$ 2,213,865
Media costs	1,315,095	861,873
Revenue less media costs	$ 1,461,722	$ 1,351,992
Revenue less media costs margin	53%	61%

Media costs consist primarily of costs for advertising impressions we purchase from real-time advertising exchanges or through other third parties. For the three months ended March 31, 2014 media costs were $1,315,095 compared to $861,873 for the three months ended March 31, 2013, representing an increase of $453,222 attributable to the added cost of buying media for a greater number of advertising campaigns. As a percentage of revenue, revenue less media costs were 53% for first quarter of 2014 compared to 61% for the prior year quarter. The cost to purchase high quality impressions increased in the quarter, and we make strategic decisions about how much of that increase to pass onto our clients. Our senior management team regularly evaluates our pricing strategy in order to optimize the Company's objectives of market penetration and profitability and, accordingly our margins may fluctuate from quarter to quarter.

Reconciliation of Net Loss to Adjusted EBITDA for the three months ended March 31, 2014 and 2013

"Adjusted EBITDA" refers to net income (loss) before adjusting for finance costs, income taxes, foreign exchange (gain) loss, depreciation, and share-based compensation expense. We believe that adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by our main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration depreciation of property and equipment and the other items listed above. It is a key measure used by our management and board of directors ("Board") to understand and evaluate our operating performance, to prepare our annual budget, and to develop our operating plans.

The following table presents a reconciliation of adjusted EBITDA to net income (loss) for the periods then ended:

	Three months ended	
	March 31, 2014	March 31, 2013
Net income (loss)	$ (732,244)	$ 165,909
Adjustments:		
Finance costs	214,133	79,456
Foreign exchange loss	58,196	16,524
Depreciation of property and equipment	36,293	13,470
Income taxes	8,386	-
Share-based compensation	22,888	19,783
Total adjustments	339,896	129,233
Adjusted EBITDA	**$ (392,348)**	**$ 295,142**

Year-over-year, adjusted EBITDA for the three months ended March 31 decreased from $295,142 in 2013 to a loss of $382,348 due to increased spending for sales and marketing as well as technology development, partially offset by increased revenues, as described more fully below.

Operating Expenses, Finance Costs, and Foreign Exchange

The following table summarizes expenses for the three months ended March 31, 2014 and 2013:

	Three months ended	
	March 31, 2014	March31, 2013
Media costs	$ 1,315,095	$ 861,873
Employee compensation and benefits	1,258,532	639,562
General and administrative	618,426	437,072
Depreciation of property and equipment	36,293	13,470
Finance costs	214,133	79,456
Foreign exchange loss	58,196	16,524

Employee compensation and benefits

Employee compensation consists of salary and benefit costs, personnel costs, commissions and variable compensation, payroll taxes and employee health and related benefit expenses, and charges for share-based compensation. Employee compensation for the three months ended March 31, 2014 increased $618,970 compared to the first quarter of the prior fiscal year. This increase was largely attributable to the hiring of sales staff, campaign managers and technology developers. The employee compensation costs of certain research and development employees were eligible for tax refunds on qualified Scientific Research and Experimental Development ("SRED") expenditures, which have been applied against employee compensation and benefits expense. We accrued refundable investment tax credits of $100,000 on eligible expenditures in the first quarter of 2014, compared to $173,791 in the first quarter of 2013. Non-repayable grants from the Industrial Research Assistance Program ("IRAP") of $78,645 and $$44,182 similarly reduced employee compensation and benefits expenses for the three months ended March 31, 2014 and 2013 respectively.

General and administrative

General and administrative expenses include occupancy costs, sales and marketing costs, data centre and operations costs, professional fees, travel, and supplies. General and administrative expenses for the three months ended March 31, 2014 increased $181,354 over the three months ended March 31, 2013. This increase reflects a higher level of marketing activity to generate revenue from more customers and related ad campaigns.

Depreciation of property and equipment

Depreciation for the three months ended March 31, 2014 increased $22,823 over the same period in the prior year, due mainly to additions of equipment to our data centre and, to a lesser extent, computer equipment and office furniture.

Finance costs

For the three months ended March 31, 2014 finance costs were $214,133, increasing $134,677 from the three months ended March 31, 2013. The increase is due to interest on promissory notes payable, accretion of transaction costs associated with the promissory notes, and interest on amounts due to related parties. In February 2014, we borrowed the remaining $1,000,000 that was available under a credit agreement (the "Credit Agreement") that we entered into in July 2013. The initial draw under the agreement amounted to promissory notes payable of $3,000,000. In 2013, we incurred interest related to a factoring arrangement where certain receivables of the Company were financed or factored for related interest and fees. This agreement was terminated in July 2013.

Foreign exchange

Foreign exchange loss consists of the realized and unrealized exchange differences due to fluctuations between the Canadian and the U.S. dollar exchange rates primarily, or another foreign currency. We recorded a net foreign exchange loss of $58,196 for the three months ended March 31, 2014 compared to a loss of $16,524 for the three months ended March 31, 2013. The balance of net financial liabilities carried in U.S. dollars increased year over year which, combined with a weaker Canadian dollar relative to the U.S. dollar year-over-year, resulted in a greater foreign exchange loss for the quarter. To date we have not hedged our foreign currency exposure but we may elect to do so in the future if it is determined to be advantageous.

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the statements of financial position as at March 31, 2014 and December 31, 2013 are as follows:

	March 31, 2014	December 31, 2013
Cash	$ 446,034	$ 120,467
Working capital(1)	(1,255,042)	(824,860) (2)
Total assets	5,631,620	4,884,332
Promissory notes payable	3,912,797	2,913,133
Current liabilities	6,384,822	5,272,960
Non-current liabilities	678,181	608,249
Shareholders' deficiency	$ 1,431,383	$ 996,877

(1) Working capital is defined as current assets less current liabilities.

(2) Working capital at March 31, 2014 and December 31, 2013 includes promissory notes payable in the amount of $3,912,797 and $2,913,133, respectively, which were classified as part of current liabilities because Acuity was in breach of one of the financial covenants at December 31, 2013 and received an acknowledgement from the lender subsequent to March 31, 2014 that the default has been waived. The promissory notes are due January 2016.

As at March 31, 2014 we had cash of $446,034 compared to $120,467 at the prior year end date. The increase in cash was attributable to cash flows from financing activities, comprising proceeds from promissory notes described below, and the exercise of warrants and stock options. Cash flows used in operations were $910,579 in the first quarter of 2014, compared to cash flows provided by operations of $189,165 in the first quarter of 2013, primarily due to the increased level of expenditures in the first quarter of 2014 and greater use of non-cash operating working capital.

Working capital at March 31, 2014 includes Investment tax credits receivable of $1,191,764 (December 31, 2013 – $1,091,764), in respect of estimated tax refunds on qualified SRED expenditures. Management assessed the value of the receivable and determined that there was no indication of impairment of the recoverable amount as at the period end. To date we have received SRED refunds of $111,520 in respect of eligible expenditures incurred in the years ended December 31, 2009 and December 31, 2010. The estimated amount recoverable is subject to review by taxation authorities and there is no assurance that such amounts will be received. Acuity will become a public company as a result of the Proposed Transaction (described below) and accordingly, the Federal portion of any SREDs claimed on eligible expenses will no longer be refundable but will be carried forward for up to 20 years to reduce future income taxes payable.

At March 31, 2014 other current assets included government assistance receivables of $100,264 (December 31, 2013 – $92,861) in respect of non-repayable IRAP grants. Management assessed the value of the amount recoverable at the period end and determined there was no indication of impairment. We have received seven IRAP grants since our inception in 2009.

On July 9, 2013, the Company entered into a credit agreement (the "Credit Agreement") with a Canadian lender in the amount of $3,000,000, due January 2016. In January 2014 we borrowed the remaining $1,000,000 that was available under the Credit Agreement, and all amounts are due January 2016. Upon the mutual agreement of the parties, the interest rate for all amounts outstanding under the Credit Agreement increased to 17% from 16.5% commencing February 2014. Under certain circumstances, the Company may repay any or the entire outstanding principal prior to the maturity date and retain its ability to re-borrow under the agreement. The notes payable are secured by a guarantee from the Company and a general security agreement over specified assets of the Company and the Company is subject to certain financial and non-financial covenants. The refundable investment tax credits claimed by the Company have been assigned to the lender and must be applied against amounts owing under the arrangement upon receipt by the Company. No amounts were received in the period.

Transaction costs incurred on the initial draw of $3,000,000 of promissory notes were $108,584. Additional transaction costs of $15,991 were incurred when we borrowed the remaining $1,000,000 in January 2014. The transaction costs have been capitalized as deferred transaction costs and will be amortized over the term of the arrangement under the effective interest method and included as part of finance costs. The amounts due to related parties, discussed below under the heading "Transactions with Related Parties", are subordinate to the promissory notes payable and cannot be settled during the period which the promissory notes are outstanding without the lender's prior written consent. In addition, the related parties have postponed their rights to demand repayment prior to April 1, 2015.

Historically, our growth has been funded by contributions from Acuity's co-founders, an investment beneficially made by the Chair of our Board, the exercise of stock options and warrants, investment tax credits and government grants, and, more recently, by the promissory notes described above. Subsequent to March 31, 2014, we completed a private placement of subscription receipts for gross proceeds of approximately $5.75 million, subject to the satisfaction of certain escrow release conditions which are described above and in Note 11 to our interim condensed consolidated financial statements. However, there is no certainty that the Company will meet these escrow release conditions and as a result we may have to seek alternative forms of financing which are not yet committed.

Subsequent to March 31, 2014 we entered into the Definitive Agreement in respect of the Transaction with Wildlaw. As a result of the Transaction, Acuity will complete a reverse takeover of Wildlaw and the resulting issuer will be publicly traded on the TSXV. Management believes the public capital markets will offer an alternative source of financing in the future but there can be no assurance that it will be successful in obtaining financing on favorable terms. See "Risk Factors". These transactions are more fully described below under "Proposed Transactions."

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the assumption that the Company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Company has neither the intention nor the need to liquidate and is able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has experienced losses since inception and has a shareholders' deficiency. In addition, management has determined that additional financing will be required to support operating and investing activities for the foreseeable future as the Company continues to expand its operations. Management believes that working capital subsequent to completion of the Transaction will be adequate to fund the Company for at least the next 18 months. We intend to seek new funding from equity financings, lenders and other sources which will optimize our cost of capital; however, there is no assurance that these funding initiatives will be successful. See "Risk Factors".

Common Shares

Changes in the number of issued common shares from December 31, 2013 to the date of this report are as follows:

	Number of Common Shares
Balance December 31, 2013	104,724,680
Shares issued – options exercised	3,724,310
Shares issued – warrants exercised	2,071,407
Balance June 30, 2014	110,520,397

Warrants

The following table reflects the activity of the warrants from December 31, 2013 to the date of this report:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding December 31, 2013	2,071,407	$0.120691
Warrants exercised – cash	(2,071,407)	$0.120691
Balance outstanding June 30, 2014	--	--

The warrants and, subsequent to exercise, the common shares were issued to a company controlled by a director of the Company.

Incentive Stock Options

The Company has a stock option plan (the "Plan"), pursuant to which the Board of Directors may grant options to employees, officers, directors and consultants of the Company. The maximum number common shares which may be issued under the Plan is a rolling fixed maximum percentage of 10% of the common shares issued and outstanding at a point in time. The expiry date of options granted under the Plan typically does not exceed five years from the grant date and the vesting schedule is at the discretion of the Board and is generally annually over a three- to four-year period. The exercise price of options is based on a determination of the fair market value per share on the day preceding the grant date. Further details of the Plan are provided in note 7 to the condensed consolidated interim financial statements.

The following table reflects the activity of the options from December 31, 2013 to the date of this report:

	Number of Options	Weighted Average Exercise Price
Balance outstanding December 31, 2013	6,469,310	0.08
Granted	20,000	$0.35
Exercised	(3,724,310)	0.04
Balance outstanding June 30, 2014	2,765,000	$ 0.13

During the three months ended March 31, 2014, the Company recorded share-based compensation expense related to stock options granted to employees and shares issued to consultants of $22,888 (2013 - $19,785). Share-based compensation expense is included as part of employee compensation and benefits.

In addition to the above, during the three months ended March 31, 2014 the Company granted 20,000 options with an exercise price of $0.35 to employees of the Company (2013 – Nil).

Proposed transactions

On April 24, 2014 the Company entered into a binding agreement to complete the Transaction with Wildlaw. The Transaction is subject to a number of terms and conditions as set forth in the Definitive Agreement, including (among other things) the approval of the TSXV. If completed, the Transaction will constitute Wildlaw's "Qualifying Transaction" (as such term is defined in TSXV Policy 2.4 - Capital Pool Companies).

In connection with the Transaction, Acuity completed a private placement (the "Offering") of subscription receipts (the "Subscription Receipts") for gross proceeds of approximately $5.75 million, inclusive of an over-allotment, pursuant to an agency agreement dated April 24, 2014 (the "Agency Agreement") with a syndicate of investment banks led by Paradigm Capital Inc. and including Clarus Securities Inc. and Euro Pacific Canada Inc. (collectively, the "Agents"). Each Subscription Receipt was sold at a price of $1.59 and entitles the holder thereof to one post-Consolidation (as defined below) common share of Acuity upon the satisfaction of certain escrow release conditions.

As part of the Transaction, Wildlaw and Acuity will complete a "three-cornered" amalgamation under the provisions of the Business Corporation Act (Ontario), pursuant to which Acuity will amalgamate with a wholly-owned subsidiary of Wildlaw (the "Amalgamation"). The amalgamated entity will be a wholly-owned subsidiary of Wildlaw CPC 2 post-Transaction and Wildlaw CPC 2 on a post-Transaction basis will be the "Resulting Issuer" (as such term is defined under the rules of the TSXV).

Immediately prior to the closing of the Amalgamation, (i) Wildlaw will complete a consolidation (the "Wildlaw Consolidation") of the common shares of Wildlaw on the basis of 31.8 pre-consolidation shares for one post-consolidation share and (ii) Acuity will complete a consolidation (the "Acuity Consolidation") of the common shares of Acuity on the basis of 6.5 pre-consolidation shares for one post-consolidation share. The Wildlaw Consolidation reflects a deemed Transaction value of $0.05 per Wildlaw common share (on a pre-Wildlaw Consolidation basis).

Pursuant to the Amalgamation, the outstanding common shares of Acuity will be exchanged for common shares of Wildlaw on a 1:1 basis, resulting in the existing holders of common shares of Acuity (including investors under the Offering) becoming holders of common shares of Wildlaw 2 post-Transaction. Subject to TSXV approval, the outstanding convertible securities of Acuity will be exchanged pursuant to the Amalgamation for comparable securities of Wildlaw, having substantially the same terms and conditions (and, for greater certainty, being economically equivalent to the exchanged convertible securities of Acuity).

Upon completion of the Acuity Consolidation, Acuity's existing shareholders will own 17,003,138 post-Acuity Consolidation common shares. A total of 17,003,138 Resulting Issuer common shares will be issued to existing Acuity shareholders at a deemed issue price of $1.59 per share. A total of 425,385 Resulting Issuer options (at a weighted average exercise price of $0.89) will be issued to Acuity's existing option holders.

CONTRACTUAL OBLIGATIONS

As at March 31, 2014 the Company had no debt guarantees, off-balance sheet arrangements or long term obligations other than those noted below.

We have operating leases for office, research and development and sales and marketing space that expire at various dates, both in Canada and the USA. One of our leases is due to expire April 2015 and we are assessing renewal and relocation options.

In July 2013 we entered into a Credit Agreement in the amount of $3,000,000 and in February we borrowed the remaining $1,000,000, all of which is due January 2016. As described in "Liquidity and Capital Resources", these promissory notes have been classified as current liabilities.

Certain shareholders and officers of the Company were owed an aggregate of $626,500 as at March 31, 2014. The terms of these promissory notes are detailed in "Transactions with Related Parties".

Our contractual obligations as at March 31, 2014 are summarized below:

	Less than 1 year	Between 1 and 5 years	Total
Office leases	233,546	19,462	253,008
Promissory notes payable	4,000,000	-	4,000,000
Due to related parties	-	626,500	626,500
Obligations under capital lease	20,460	51,171	71,631
Total	3,233,546	663,075	4,951,139

TRANSACTIONS WITH RELATED PARTIES

The key management personnel of the Company are the members of the Company's executive management team and Board.

The Company has entered into promissory note agreements with certain shareholders and officers of the Company, whereby the Company borrowed from these lending parties. The amounts borrowed bear interest at 12% and are due on demand. Amounts have been borrowed and repaid on the notes during the years presented. The amounts due to related parties are subordinated to the promissory notes payable and, according to the terms of the Company's Credit Agreement, amounts due to these related parties cannot be settled by the Company in whole or in part during the term to maturity of the promissory notes without the prior written consent of the lender. In addition, the related parties have postponed their rights to demand repayment prior to April 1, 2015. Accordingly, the amounts due to related parties have been classified as non-current as of March 31, 2014.

During the three months ended March 31, 2014 and 2013, no compensation was paid or accrued for any of the Company's Directors. Executive officers of the Company received salaries and consulting fees in the aggregate amount of $160,000 during the three months ended March 31, 2014 (2013 - $60,000). Executive officers and directors are eligible to participate in the Company's option plan, but as of the date hereof no options have been granted to any officers or directors of the Company. Executive officers control 90% of the issued common shares of the Company as at March 31, 2014.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 2 of our consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

Recently adopted accounting pronouncements

Amendments to IAS 32, Offsetting Financial Assets and Liabilities ("Amendments to IAS 32"). The adoption of the amendments to this standard did not have an impact on the Company's interim financial statements.

International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21"). The adoption of this standard did not have an impact on the Company's interim financial statements.

ADDITIONAL INFORMATION

Following the Transaction, additional information relating to the Company will be posted on SEDAR at www.sedar.com.