

URBAN COMMUNICATIONS INC.

(TSXV: UBN)

Price: August 4 **\$0.06**

52-Week Range: **\$0.105-\$0.045**

Shares O/S: **101.16 million**

Market Cap: **\$6.07 million**

Average Share Volume

50-day: **80,100**

200-day: **58,400**

Year-End: **December 31**

Symbol: **TSX-V: UBN**

Website: <https://www.urbanfibre.ca>

Financial Data:

Balance Sheet	Year End	Q1
	Dec 31/2016	Mar 31/2017
Cash	\$273,297	\$190,008
Current Assets	\$552,774	\$710,366
Total Assets	\$5,361,044	\$5,447,815
Current Liabilities	\$5,276,184	\$1,580,027
Total Liabilities	\$6,874,888	\$7,047,066
Working Capital	-\$4,723,410	-\$869,661
Working Capital Ratio	0.08	0.10
Total Equity	-\$1,513,844	-\$1,599,251
Actual Shares O/S	91,340,215	101,161,606
Wtd Avg Shares O/S	79,741,592	86,972,661

Statement of Loss & Cash Flow	12 Months	3 Months
	Mar 31/2017	Mar 31/2017
Sales	\$1,464,026	\$1,840,183
Gross Profit	\$825,369	\$1,038,125
Gross Margin	56.4%	56.4%
Non-disc OpEx ("Burn")	-\$937,532	-\$898,440
Average Monthly Burn	-\$78,128	-\$299,480
Net Profit/(Loss)	-\$4,358,926	-\$4,044,932
Free Cash Flow	-\$3,796,630	-\$3,317,852
Equity Financing	\$2,395,275	\$2,431,868
Debt Financing	\$1,124,813	\$1,129,562

Source: Company and eResearch

Corporate Head Office:

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Burnaby, BC V5C 2K6
Tel: 604-439-8530

eResearch Analyst (on this report):

Bob Weir, B.Sc., B.Comm., CFA



THE COMPANY

Urban Communications Inc. ("Urban Communications" or the "Company") is an independent telecommunications carrier that delivers broadband services and network connectivity on a private fibre optic network that is strategically situated in high-density corridors of southern British Columbia, including Vancouver, the Lower Mainland, and Victoria.

CUSTOMERS

The Company initially focused on securing public sector customers and now counts in its domain the following: the University of British Columbia, Simon Fraser University, the B.C. Institute of Technology, the University of Victoria, the City of Vancouver, assorted ministries and agencies of both the provincial and federal governments, and E-Comm (which provides 911 emergency services in southwestern B.C.).

STRATEGIC CHANGE IN MANAGEMENT

Urban Communications executed an important change in management in April 2014, with the executive team now headed by John Farlinger (see bio in "Management and Directors, page 9). The new management immediately set about implementing a revised business strategy with a focus on acquiring new customers and growing corporate revenues. As part of this change in strategy, the Company has carried out significant financing activity, see page 7.

BUSINESS FOCUS

There has been a notable shift over the past three years, since the new management team took control, in the focus of the Company's business. This shift was away from providing dark fibre services to being a disruptive provider of internet services directly to residential and commercial customers. (*"Disruptive" means having the ability to offer non-standard internet industry services.*)

For example, in 2015, Urban Communications introduced disruptive 1 giga-byte internet services to homes and businesses in the Vancouver area.

TARGET MARKETS

Urban Communications has identified the following market segments that it intends to target:

- large multiple-dwelling residential buildings;
- under-served smaller multiple-dwelling units; and
- commercial customers.

SERVICES PROVIDED

In the Vancouver market, the Company has installed an extensive number of unutilized fibre optic strands over which it offers a full array of internet and multi-media services, such as:

- voice-over internet protocol (VOIP) telephony; and
- full internet protocol television (IPTV) service.

The Company also plans to offer the following:

- video-on-demand (VOD) movie service;
- cloud back-up service; and
- virtual private networks (VPNs).

KEY ACQUISITION

In October 2016, Urban Communications made a strategic acquisition in downtown Vancouver. The Company will pay \$2.2 million over five years to acquire a 9.3 km private fibre optic network, which will add more than 100 commercial buildings to its network. This addition, which will take place over 18 months, will increase the Company's fibre density and building access, and should positively impact its growth in revenues.

CORPORATE ADVANTAGE

Consumers constantly want a better product and/or service choice, such that the demand for internet access and entertainment selection continues to grow exponentially.

Users want greater speed, the ability to access the internet from multiple devices, and more streaming services.

Since Urban Communication's fibre "backbone" is situated in rare rights-of-way, the Company is ideally placed to capitalize on these trends and requirements. The Company's backbone network is capable of transmitting multiples more data than current "broadband" networks such as digital subscriber lines or cable or wireless transmissions.

COMMENT: *The Company's "... optical fibre network enables advanced communication technologies that are capable of carrying multiple data streams and applications, including multiple channels of high definition television, telephone, and internet data transmissions."*

COMPETITORS

The Company's primary competitor is TELUS, Inc., but it also competes strongly with Shaw Communications Inc., Bell Canada Inc., Allstream (sold to U.S. fibre optic provider Zayo Group in January, 2016), and Novus Canada (a private broadcast distribution company operating in the Metropolitan Vancouver area and owned by Omnicom Media Group).

Urban Communications competes with the "Big Boys" by installing fibre optic cable in commercial buildings and multi-tenanted residential complexes and then providing very high transmission speeds that cannot be duplicated by its competitors' existing copper-band connections.

In order to compete and win against its competitors, which also have fibre optic connections, Urban Communications implements a "disruptive" business model by providing low prices for high levels of service that is difficult for its competition to match profitably.

GROWTH PROSPECTS

The Company's fibre optic network exists in heavily-populated, high-density urban areas. Its competitive advantage is that it can provide low cost, high quality internet services and over-the-top services to customers located in B.C.'s Lower Mainland. Landcor Data Corporation, which is a large real estate information services organization operating in British Columbia, estimates that there are approximately 178,300 residential buildings and 16,000 commercial operations located within 500 metres of the Company's existing fibre optic network.

2016 ACCOMPLISHMENTS

- February: Increased its exposure in Coquitlam (Vancouver suburb) through the addition of 5 new residential buildings. The Company now has 12 buildings and 1,600 residences in Coquitlam.
- March: Launched a low-cost high-speed internet service at \$49 per month.
- April: Acquired telecom services that generate \$30,000 to \$40,000 of monthly revenues.
- June: Signed an agreement with the City of Westminster to provide gigabit-speed internet service to businesses and residents.
- October: Acquired a 9.3 km private fibre optic network in downtown Vancouver. See KEY ACQUISITION.
- November: Launched a hosted PBX telephone service for commercial customers.

FOCUS 2017

To grow its revenues and gain increasing economies of scale, the Company has to acquire new customers on a regular basis.

For 2017, Urban Communications has zeroed in on three revenue sources:

1. Commercial network customers;
2. Residential network customers; and
3. Over-the-top ("OTT") users.

Let us look at each in turn.

Commercial Services

The Company's initial foray into the commercial field started in Q2/2015.

Urban Communications' fibre and cloud-based services provide viable solutions to commercial users. These services, many of which are sold on multi-year contracts, include the following:

- hosted private branch exchange (PBX);
- VOIP and streaming media services;
- co-location services;
- e-mail; and
- data facilities.

Residential Services

The Company's objective is to acquire residential customers who are already located close to its existing fibre optic network.

Urban Communications will differentiate itself from other providers in this arena by offering the following:

- a superior product (eg., 1 Gbps at a price that is 50% to 75% lower than competitor prices);
- a superior product that exhibits equal upload and download speeds; and
- a wider variety of content to address customer appeal.

Sustained growth is expected to be driven by both new customers and expansion of services to existing customers. By providing increased flexibility in consumer choice, the Company anticipates this will drive consumption of bandwidth. Customer retention will be addressed by the provision of other higher-margin services.

Over-the-Top (OTT) Services

OTT content refers to audio, video, and other media that is transmitted by the internet as a stand-alone product, without a third-party operator controlling or distributing the content. In other words, consumers receive programming directly from an ISP (internet services provider).

OTT content can be accessed through a desk-top computer, laptop, tablet, smart-phone, and gaming boxes. OTT video streaming has grown exponentially over the past ten years, from 3% in 2008 to an estimated (Cisco) 16% in 2017, with an expectation of generating 2017 revenues of \$17.44 billion.

For Urban Communications in 2017/2018, the Company is in the process of developing products that should appeal to customers seeking ethnic content from countries located in the Far East. It is also gearing up to provide live content from Europe as well as providing North American content abroad. The key point is that OTT content can be accessed by consumers anywhere in the world where there is access to an internet connection.

2017-2018 GOALS

Management has identified the following goals for the immediate future:

1. Raise sufficient capital to position the Company for growth (for the remainder of) 2017 and 2018;
2. Have a positive EBITDA in 2018;
3. Expand its fibre optic network to multiple-occupant commercial and residential buildings;
4. Initiate a sales and marketing program to gain new subscribers;
5. Add more services to the product portfolio for both commercial and residential customers;
6. Promote customer and investor awareness through an aggressive investor relations program; and
7. Add more municipal partners primarily in British Columbia but also in other parts of Canada.

INVESTMENT CONSIDERATIONS

A. Strengths

- The Company's new management team, brought in in 2014, has implemented a new business growth strategy.
- The Company has installed in the Greater Vancouver Area an extensive number of unutilized fibre optic strands that can offer a full range of internet and multi-media services.
- A key acquisition was made in 2016 that has considerably enhanced the Company's footprint in fibre optic network services in the downtown area of Vancouver.
- Urban Communications has a competitive advantage with its low prices and high levels of services.
- The Company's fibre optic services exist in highly-populated, high-density urban areas in British Columbia.

B. Challenges

- Urban Communications needs to expand its services and gain greater economies of scale in its fibre optic network services.
- The Company needs a greater number of both commercial and residential users.
- The Company has a weak financial position with poor margins, annual losses, negative cash flow, and a shareholders' equity deficiency.
- The Company's market cap is around \$7,000,000, with about 101million shares outstanding, of which about 43% are held by "Insiders". That leaves a float of approximately 58 million. These metrics essentially make the shares unsuitable for institutional ownership; fairly illiquid share trading (average 78,400 per day over the last 50 days and 57,800 over the last 200 days).
- The Company has frequently raised new financing, which is often a challenge when shares sell for less than \$0.10 each. Excluding the exercise of warrants and options and utilizing non-brokered private placements, Urban Communications raised new Common Equity of \$3.043 million in 2015, \$2.395 million in 2016, \$0.700 million in Q1/2017, and \$0.612 million subsequent to the end of Q1/2017. In addition, the Company increased its outstanding Loans Payable by \$450,000. Despite the frequent common equity infusions, annual losses have depleted Shareholders' Equity, which currently has a deficiency of \$1.6 million.

COMMENT: *We are waiting! In the Company's MD&A that is attributable to the Q1/2017 filing for March 31, 2017, on page 12, under "Liquidity and Capital Resources", management states: The objective of management for 2017 is to create shareholder value through a strategic financing transaction to recapitalize the Company's balance sheet enabling it to deliver and advance the Company's business model, and to acquire new commercial, enterprise, and residential customers.*

FINANCIAL PREVIEW: Q2/2017

Preliminary Q2/2017 results for the period ending June 30 show revenue of \$658,222, up 14.7% over Q1/2017 and up 66% over Q2/2016. For H1/2017, revenue was \$1,232,055, up 107% over H1/2016.

Detailed financial information follows on the ensuing page.

FINANCIAL STATEMENT ANALYSIS

In the tables following, we set out the Statement of Income/(Loss), the Statement of Cash Flow, the Balance Sheet, and salient statistics from Q1/2017.

TABLE 1: Selected Financial Information: Statement of Income/(Loss)

(C\$)	Actual Year End <u>Dec 31/2013</u>	Actual Year End <u>Dec 31/2014</u>	Actual Year End <u>Dec 31/2015</u>	Actual Year End <u>Dec 31/2016</u>	Actual TTM <u>Mar 31/2017</u>
Statement of Income (Loss)					
Sales	894,234	728,990	724,994	1,464,026	1,840,183
% Annual Change	-23.2%	-18.5%	-0.5%	101.9%	---
Cost of Goods Sold	<u>-273,354</u>	<u>-285,555</u>	<u>-235,299</u>	<u>-638,657</u>	<u>-802,058</u>
Gross Profit	620,880	443,435	489,695	825,369	1,038,125
Gross Profit Margin	69.4%	60.8%	67.5%	56.4%	56.4%
Selling/Marketing/Operating Costs	-373,075	-316,996	-806,658	-1,257,781	-1,230,993
S/M/O Costs as % of Sales	41.7%	43.5%	111.3%	85.9%	66.9%
Gross Operating Profit	247,805	126,439	-316,963	-432,412	-192,868
Gross Operating Margin	27.7%	17.3%	-43.7%	-29.5%	-10.5%
General & Administrative Expenses	-461,092	-853,561	-1,047,614	-937,532	-898,440
G&A Expenses as % of Sales	51.6%	117.1%	144.5%	64.0%	48.8%
Other Operating Expenses	-620,948	-717,737	-1,567,115	-1,503,379	-1,477,052
Other Op Expenses as % of Sales	69.4%	98.5%	216.2%	102.7%	80.3%
Net Operating Profit	-834,235	-1,444,859	-2,931,692	-2,873,323	-2,568,360
% Annual Change	---	-73.2%	-102.9%	2.0%	---
Non-Operating (Expenses)/Income	-173	-155,546	-263,894	-20,866	-2,429
Non-Cash Items	<u>-529,544</u>	<u>-254,262</u>	<u>-1,260,971</u>	<u>-1,464,737</u>	<u>-1,474,143</u>
Net Profit/(Loss)	-1,363,952	-1,854,667	-4,456,557	-4,358,926	-4,044,932
Total Shares Outstanding	11,195,781	32,819,215	65,671,215	91,340,215	101,161,606
Weighted Average Shares O/S	11,179,810	29,159,814	47,127,030	79,741,592	86,972,661
Net Profit/(Loss) Per Share	(\$0.12)	(\$0.06)	(\$0.09)	(\$0.05)	(\$0.05)

COMMENT: The Company's financial fortunes started to turn around commensurate with the change in management in 2014. In 2015, Sales stabilized and Gross Profit Margins improved considerably to 67.5%. 2016 was a year of growth, with Sales more than doubling. However, Gross Profit Margins were down to 56.4% as Cost of Goods Sold rose, but Sales/Marketing/Operating Costs in relation to Sales were way down from the high in 2015. The Gross Operating Margin is still negative. Net Operating Profit, after G&A and Other Operating Expenses, was a negative \$2.87 million, slightly better than the negative \$2.93 million the year before.

<continued>

TABLE 2: Selected Financial Information: Statement of Cash Flow

	Actual Year End <u>Dec 31/2013</u>	Actual Year End <u>Dec 31/2014</u>	Actual Year End <u>Dec 31/2015</u>	Actual Year End <u>Dec 31/2016</u>	Actual TTM <u>Mar 31/2017</u>
Cash Flow Statement					
Net (Loss)	-1,363,952	-1,854,667	-4,456,557	-4,358,926	-4,044,932
Non-Cash Items	<u>529,544</u>	<u>254,262</u>	<u>1,260,971</u>	<u>1,464,737</u>	<u>1,474,143</u>
Cash Flow from Operations	-834,408	-1,600,405	-3,195,586	-2,894,189	-2,570,789
Capital Expenditures (Properties)	-11,361	-198,301	-420,331	-882,441	-727,063
Other Investing Items	<u>0</u>	<u>0</u>	<u>0</u>	<u>-20,000</u>	<u>-20,000</u>
Free Cash Flow	-845,769	-1,798,706	-3,615,917	-3,796,630	-3,317,852
Working Capital Changes	<u>745,111</u>	<u>-478,663</u>	<u>-215,249</u>	<u>-77,696</u>	<u>-182,572</u>
Cash Flow before Financing	-100,658	-2,277,369	-3,831,166	-3,874,326	-3,500,424
Equity Financing	0	548,500	3,043,978	2,395,275	2,431,868
Debt Financing	<u>75,000</u>	<u>2,449,526</u>	<u>692,437</u>	<u>1,124,813</u>	<u>1,129,562</u>
Change in Cash	-25,658	720,657	-94,751	-354,238	61,006

COMMENT: Cash Flow from Operations and Free Cash Flow are both negative and will likely remain so for a while. As a result, Urban Communications has been forced to go to the equity and debt markets for funding on a regular basis.

TABLE 3: Selected Financial Information: Balance Sheet

Balance Sheet						
(C\$)	As at:	<u>Dec 31/2013</u>	<u>Dec 31/2014</u>	<u>Dec 31/2015</u>	<u>Dec 31/2016</u>	<u>Mar 31/2017</u>
Cash and Equivalents		1,629	722,286	627,535	273,297	190,008
Other Current Assets		<u>108,192</u>	<u>323,207</u>	<u>369,915</u>	<u>279,477</u>	<u>520,358</u>
Total Current Assets		109,821	1,045,493	997,450	552,774	710,366
Property & Equipment		4,983,334	4,673,542	4,541,143	4,772,468	4,704,147
Other Assets		<u>128,588</u>	<u>22,740</u>	<u>22,469</u>	<u>35,802</u>	<u>33,302</u>
Total Assets		<u>5,221,743</u>	<u>5,741,775</u>	<u>5,561,062</u>	<u>5,361,044</u>	<u>5,447,815</u>
Accounts Payable/Accrued Liabs		1,469,607	918,119	970,001	910,043	1,000,307
Other Current Liabilities		<u>871,944</u>	<u>271,595</u>	<u>253,311</u>	<u>4,366,141</u>	<u>579,720</u>
Total Current Liabilities		2,341,551	1,189,714	1,223,312	5,276,184	1,580,027
Deferred Revenue		1,533,077	1,485,376	1,332,292	1,204,853	1,174,429
Convertible Debenture		0	2,023,077	0	0	0
Loans and/or Notes Payable		<u>0</u>	<u>581,740</u>	<u>2,994,852</u>	<u>393,851</u>	<u>4,292,610</u>
Total Liabilities		3,874,628	5,279,907	5,550,456	6,874,888	7,047,066
Shareholders' Equity (Deficiency)		<u>1,347,115</u>	<u>461,868</u>	<u>10,606</u>	<u>-1,513,844</u>	<u>-1,599,251</u>
Total Liabilities & Equity		<u>5,221,743</u>	<u>5,741,775</u>	<u>5,561,062</u>	<u>5,361,044</u>	<u>5,447,815</u>
Book Value (S.E.) Per Share		\$0.12	\$0.01	\$0.00	(\$0.02)	(\$0.02)
Cash Per Share		\$0.00	\$0.02	\$0.01	\$0.00	\$0.00

COMMENT: Total Assets have been fairly static around \$5.5 million. The Convertible Debenture was redeemed, but Loans/Notes Payable have ballooned. Shareholders' Equity has turned negative, at \$0.02 per share.

TABLE 4: Selected Financial Information: Q1/2017 Statement of Income/(Loss)

As shown in the table below, the Company continues to make financial progress. Sales and Gross Profit both increased 190% over the corresponding quarter a year ago. The Company also recorded a positive Gross Operating Profit (after sales/marketing/operating costs). Net Operating Profit and the Net Loss position also improved immeasurably.

	Actual 3 Months <u>Mar 31/2016</u>	Actual 3 Months <u>Mar 31/2017</u>	Change
Statement of Income (Loss)			
Sales	197,676	573,833	190.3%
Cost of Goods Sold	-86,190	-249,591	189.6%
Gross Profit	111,486	324,242	190.8%
Gross Profit Margin	56.4%	56.5%	
Gross Operating Profit	-181,225	58,319	132.2%
Gross Operating Margin	-91.7%	10.2%	
Net Operating Profit	-782,344	-477,381	39.0%
Net Profit/(Loss)	-1,157,565	-843,571	27.1%

WARRANTS and OPTIONS

TABLE 5: Warrants and Options (January 31, 2017, and pro forma to the date of this report)

WARRANTS

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Status</u>	<u>Potential Equity</u>
8,561,150	\$0.20	October 19, 2017	Out-of-the-Money	\$1,712,230
8,206,000	\$0.20	December 17, 2017	Out-of-the-Money	\$1,641,200
7,114,000	\$0.20	February 25, 2018	Out-of-the-Money	\$1,422,800
5,056,500	\$0.20	April 1, 2018	Out-of-the-Money	\$1,011,300
14,529,000	\$0.20	August 24, 2018	Out-of-the-Money	\$2,905,800
10,364,291	\$0.12	March 15, 2019	Out-of-the-Money	\$1,243,715
487,169	\$0.065	June 30, 2019	Out-of-the-Money	\$31,666
452,371	\$0.07	June 30, 2019	Out-of-the-Money	\$31,666
372,541	\$0.085	June 30, 2019	Out-of-the-Money	\$31,666
250,000	\$0.20	July 5, 2019	Out-of-the-Money	\$50,000
21,900,000	\$0.10	October 2, 2019	Out-of-the-Money	\$2,190,000
<u>4,500,000</u>	\$0.10	June 30, 2020	Out-of-the-Money	<u>\$450,000</u>
81,793,022				\$12,722,043

Current Price: \$0.055 July 7, 2017

OPTIONS

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Status</u>	<u>Potential Equity</u>
100,000	\$0.05	November 20, 2017	In-the-Money	\$5,000
200,000	\$0.07	December 31, 2017	Out-of-the-Money	\$14,000
300,000	\$0.095	July 3, 2018	Out-of-the-Money	\$28,500
1,160,000	\$0.085	November 12, 2018	Out-of-the-Money	\$98,600
800,000	\$0.07	December 31, 2018	Out-of-the-Money	\$56,000
420,000	\$0.075	February 3, 2019	Out-of-the-Money	\$31,500
230,000	\$0.075	April 28, 2019	Out-of-the-Money	\$17,250
900,000	\$0.075	June 28, 2019	Out-of-the-Money	\$67,500
300,600	\$0.08	October 11, 2019	Out-of-the-Money	\$24,048
75,000	\$0.07	December 30, 2019	Out-of-the-Money	\$5,250
<u>3,097,632</u>	\$0.06	March 21, 2020	Out-of-the-Money	<u>\$185,858</u>
7,583,232				\$533,506

Source: Company

MANAGEMENT and DIRECTORS

The following information on the Company's management and directors was taken from the Company's website.
<https://urbanfibre.ca/>

A. Management

John Farlinger – Chief Executive Officer and Chair, Board of Directors



John Farlinger is a veteran technology executive and entrepreneur, and brings more than 20 years of experience in telecom, operations, technology, and finance. Past positions include Senior VP of a national independent competitive local exchange carrier, CEO of Titan Communications/Galaxy Multimedia Inc., CEO and President of Adzilla New Media, COO of Seattle-based Quanta Investments, where he oversaw the growth and expansion of a telco-based company resulting in profitable revenues of over \$40 million, and CFO of Lavalife, the world's largest independent provider of technology-based meeting services. Mr. Farlinger has successfully negotiated multiple rounds of financing from angel, venture capital, and high net worth investors, and a variety of lending institutions.

Annie Chan – CFO

Annie Chan is a Chartered Accountant with 10 years of experience in financial reporting, budgeting, financial analysis, and mergers and acquisitions for publicly-listed companies in Canada and the United States. Ms. Chan has held senior accounting and finance roles at both private and public companies, including HSBC Bank Canada, Bralorne Gold Mines Ltd., and Levon Resources Ltd. She is a member of the Institute of Chartered Accountants of BC.

Jon Paul Janze – VP of Product Marketing

Jon Paul Janze is a seasoned product management and marketing leader with more than twenty years of experience guiding the creation of innovative products and services. Formerly head of Product Marketing for a global e-mail security provider, he was responsible for domestic sales, global branding, demand generation, and brand consolidations resulting from highly-active M&A activity. Prior roles include Director of Product Management at Sutus, Director, Product Development Group at Adzilla New Media and Senior Product Marketing at SPORG.COM where he played a critical role growing this startup from \$0 to \$25M in annual processing. Mr. Janze has an MBA in Digital Technology Management and is a past marketing chair for the Vancouver chapter of the Young Entrepreneurs Association.

Tom Samplonius – VP of Technology

Tom Samplonius is a seasoned Internet technologist, specializing in ISP technology and operations. Mr. Samplonius was VP of Operations at Uniserve Communications and helped grow the business from 300 subscribers to 120,000 subscribers, including 20,000 broadband customers. He also managed the national U.S. network for a major, independent, managed hosting and cloud services, including all transit providers and settlement-free peering with 122 networks over public and private peering points.

Geoff Hultin – VP Commercial Sales

Geoff Hultin has nearly 20 years of sales, business development, and product management experience in the telecommunications industry. As the VP of Corporate Sales, Mr. Hultin will lead the commercial sales team, drive revenue, implement sales strategies and evaluate commercial offerings to ensure alignment with the company's vision. Prior to his appointment, Geoff held various sales roles with Allstream, a national 30,000 km. fibre network operator, where he led Unified Communications and Collaboration sales efforts in BC. His career also includes sales, business development, and product management positions at Bell and TELUS.

B. Directors

John Farlinger (bio above)

Richard Earle

Richard Earle is CEO of Interwork Technologies Inc., a leading North American distributor of IT security solutions, and a partner in Sea Change Ventures Inc. Mr. Earle has over 20 years of experience in the technology and telecommunications industries. Currently, he serves on the boards of a number of reputable private and publicly-listed technology companies, including Sea Change Corporation, B2B2C Internet Haute Vitesse, UM Labs Limited, and Compections College of Make-Up Art & Design. He holds an Honours Degree in Electrical Engineering from McGill University.

Leslie E. Maerov

Chief Compliance Officer, Corporate Secretary, and General Counsel

Leslie Maerov practiced corporate and commercial law for 22 years, for high tech and other business clients, and acted as an advisor at the executive and director level. He was the co-managing partner of his 10-lawyer Vancouver law firm for 16 years before joining Lightwave Communications Inc. in September, 1997, as senior vice-president, developing its corporate structure and its expansion and financing strategy. Mr. Maerov has been CEO or President for most of the time since the inception of Urban Communications Inc. in October 2000, and has directed Urban's strategy and objectives, and executed capital raising strategies to support its business plan. During 2014, he resigned his positions as President and acting CEO.

Michael Horowitz

Michael Horowitz has over two decades of experience providing strategic and capital markets advice to senior executive management teams across North America, and has been involved in more than \$3 billion in cumulative transactions at such firms as BMO Capital Markets, CIBC World Markets, Raymond James, and Cormark Securities. Mr. Horowitz is the founder and current principal of MHI Finance Corporation, a private Toronto-based merchant banking firm specializing in venture debt-funding.

Aasim Saied

Aasim Saied is Chairman and Chief Executive Officer of Silicon Valley-based Akyumen Technologies Corp., and is an established entrepreneur and inventor with experience in high-tech concept design, business, and development. Akyumen Technologies Corp. is the world's first projector hologram wireless carrier, and is strategically aligned for the distribution and promotion of a hologram bit advertising program. He currently sits on the boards of Bionic Medical Devices, Zeta Byte, and Lookhu Corp., and is a member of the board of advisors of Wowio, Inc.

Alan B. Howe

Alan Howe has served as the co-founder and Managing Partner of Broadband Initiatives LLC, a boutique corporate advisory and consulting firm, since 2001. Previously, he served as Vice President of Strategic and Wireless Business Development for Covad Communications, Inc., a national broadband telecommunications company; CFO and Vice President of Corporate Development for Teletrac, Inc.; and various executive management positions for Sprint PCS and Manufacturers Hanover Trust Company. He is currently a board member and Chairman of Data I/O Corporation, and board member and Vice Chairman of Determine, Inc. He has also served on a number of other private and public boards.

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ANALYST ACCREDITATION

eResearch Analyst on this Report: Bob Weir, B.Sc., B.Comm., CFA

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own shares of Urban Communications Inc.

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