



INVESTORS NEWS

FOR IMMEDIATE RELEASE

Gatekeeper Achieves 113% Revenue and 147% Gross Profit Increase in Third Quarter

Abbotsford, BC July 12th, 2016 - Gatekeeper Systems Inc. ('Gatekeeper' or the 'Company') (TSX.V:GSI; OTC: GKPRF; FSE: 1GK) announces that it has filed its financial statements and management's discussion and analysis for the three and nine months ended May 31, 2016, available for viewing on www.sedar.com. All figures are expressed in Canadian dollars unless otherwise stated.

Financial Highlights

- Revenue during the three months ended May 31, 2016 increased by 113% and improved to \$3,103,333 as compared to \$1,455,537 during the three months ended May 31, 2015;
- Revenue during the nine months ended May 31, 2016 increased by 66% and improved to \$5,784,915 from \$3,475,564 during the nine months ended May 31, 2015;
- Gross profit during the three months ended May 31, 2016 increased by 147% and improved to \$1,541,440 from \$623,911 during the three months ended May 31, 2015;
- Gross margins during the nine months ended May 31, 2016 improved to 50%, compared to 44% during the nine months ended May 31, 2015, representing a 6% gross profit margin increase;
- As of May 31, 2016, the Company had cash and cash equivalents of \$1,735,738 and working capital of \$2,276,793;
- Net income for the three months ended May 31, 2016 was \$322,078, compared to a loss of \$215,984 during the three months ended May 31, 2015; and
- EBITDA for the three months and nine months ended May 31, 2016 were \$362,154 and (\$136,765), respectively.

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BUSINESS UPDATE

During the third quarter, the following notable events occurred:

- Secured \$1.5 million USD non-dilutive credit facility;
- Issued first citation under five-year revenue sharing contract at Jones County, GA;
- Increased total number of cameras shipped by 51% compared to same period 2015;
- Increased total number of mobile digital recorders shipped by 35% compared to same period 2015;
- Stop-arm camera evaluation sites increased to 20 representing approximately 5,000 buses;
- Completed new features for Traffic Infraction Management cloud software; and
- Launched stop arm camera programs in Washington and Illinois.

The Company's base business continued to drive sales in the third fiscal quarter with a record sales climbing to over \$3.1 million CDN. Sales increase is primarily due to an increase in camera sales and mobile digital recorders of 51% and 36%, respectively, as compared to the same period in fiscal 2015.

Stop-arm camera evaluation sites increased from sixteen to twenty over the last quarter, representing 1,543 buses owned by various school districts. Gatekeeper is in the process of working with school districts, law enforcement, and judicial systems in an effort to close evaluation sites, moving to shared revenue contracts.

The Company executed on its first five-year revenue sharing contract (the "**Contract**") in the stop-arm camera business with Jones County School District in Georgia. Equipment was installed April 16th and 17th, 2016 with a Press Day on April 27th, 2016. Pursuant to the Contract, Gatekeeper will receive 50% of the revenue from each citation issued with 25% shared with the school district and 25% shared with Jones County. Stop-arm violation fines in Georgia are \$300 USD for first time offence, \$750 USD for second time offence and \$1,000 USD for each subsequent offence. The Company anticipates receiving proceeds from ticket citations prior to the end of the current fiscal year.

There is an estimated 13 to 15 million stop-arm violations in the United States with legislations now passed in thirteen States that allow video enforcement technology to be used to issue citations.

PRODUCT NEWS

During the third quarter the engineering team completed the following:

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- TIM™ Private Portal went live and includes the following features:
 - Creation of incidents
 - Review of evidence by police
 - Printing citations
 - Mailing citations
 - Tracking the status of citations
- TIM™ Public Portal for violators to review the evidence of the stop arm violations and pay the fine or request a court date went live
- In-house Hosting Infrastructure for TIM™ Cloud Based Incident Processing was fully set up. All networking was put in place and the high speed internet was upgraded with multiple IP address capability, redundant fail over and backup systems, providing the company a hosting environment built on a reliable backend infrastructure for the stop arm camera business
- First stop-arm violation citation was issued in Jones County
- The result of the above is that the company went live in May 2016 with its Jones County stop arm camera project proving a total incident management solution for evidence capture, approval, citation generation and collections

MOVING AHEAD

The Company continues to plan for expanding sales in multiple markets including the stop-arm camera and body camera markets, as well as the transition of analog cameras to high-definition.

To date, Gatekeeper has been working towards the following initiatives:

- Working with strategic software and alliance partners to build Gatekeeper brands in law enforcement as well as other mobile markets;
- Executing on revenue sharing programs with Gatekeeper's stop arm cameras and Ticket Infraction Management software;
- Transitioning stop arm camera evaluation projects to revenue sharing contracts; and
- Expanding distribution of Gatekeeper's high-definition products in the Company's base business.

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Doug Dymont, President and CEO commented, “The third quarter revenue increase and profitability are indicators that we are successfully executing on our business strategy. During the third quarter we continued to allocate more resources to our base business in an effort to achieve profitability while at the same time we continued to move forward finalizing software features for our Jones County revenue sharing contract in Georgia. The Jones County project is our first five-year revenue project. We executed on our plan to begin issuing citations before the summer break. We currently have 20 additional stop-arm camera projects in the evaluation phase, and are in the process of negotiating several revenue sharing contracts.”

Dymont also added, “During the third quarter we were successful at executing delivery of products caused from the large backorder, which is directly attributed to the efforts of all Gatekeeper employees who have showed a strong commitment to the Company for many years. On behalf of management and our shareholders we thank them for their efforts and look forward to growing the Company together.”

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Summary of Financial Results and Information

| | Three months ended | | % change | Nine months ended | | % change |
|----------------------------------|--------------------|--------------|----------|-------------------|--------------|----------|
| | May 31, 2016 | May 31, 2015 | | May 31, 2016 | May 31, 2015 | |
| | \$ | \$ | | \$ | \$ | |
| Revenues | 3,103,333 | 1,455,537 | 113% | 5,784,915 | 3,475,564 | 66% |
| Cost of Sales | 1,561,893 | 831,626 | 88% | 2,903,812 | 1,951,674 | 49% |
| Gross Profit | 1,541,440 | 623,911 | 147% | 2,881,103 | 1,523,890 | 89% |
| Operating Expenses | 1,035,642 | 842,549 | 23% | 2,951,357 | 2,480,327 | 19% |
| Operating Income (Loss) | 505,798 | (216,638) | (333%) | (70,254) | (956,437) | (93%) |
| Net Income (Loss) for the period | 322,078 | (215,984) | (249%) | (189,145) | (889,303) | (79%) |
| Basic and Diluted Loss Per Share | 0.01 | (0.01) | | 0.00 | (0.02) | |

| | May 31, 2016 | May 31, 2015 | May 31, 2016 | May 31, 2015 |
|----------------------------|--------------|--------------|--------------|--------------|
| Total Assets | 3,362,720 | 1,753,296 | 3,362,720 | 1,753,296 |
| Total Liabilities | 922,218 | 1,031,458 | 922,218 | 1,031,458 |
| Total Shareholders' Equity | 2,440,502 | 721,838 | 2,440,502 | 721,838 |

Financial Reports

Full details of the financial reports and operating results for the three and nine months ended May 31, 2016 are described in the Company's condensed interim consolidated financial statements with accompanying notes and related Management's Discussion and Analysis. These documents and additional information on Gatekeeper are available on SEDAR at www.sedar.com.

About Gatekeeper Systems Inc.

A TSX-V Company since 2013, Gatekeeper Systems Inc. has provided total mobile video security solutions to over 3,500 customers and has installations in every state and province in North America. Customers include school districts, public transit, law enforcement and military.

For more information visit: www.gatekeeper-systems.com.

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On behalf of the Board,

Douglas Dymont
President & CEO

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Cautionary Note Regarding Forward-Looking Statements: Certain statements made in this press release that are not historical facts are forward-looking statements and are subject to important risks, uncertainties and assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward looking statements. For more exhaustive information on these risks and uncertainties, the reader should refer to the risk factors described in the management's discussion and analysis for the period ended May 31, 2016. The forward-looking statements contained in this press release represent our expectations as of the date hereof. We disclaim any intention and assume no obligation to update or revise any forward-looking statements. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and others to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The Company undertakes no obligations to update or revise such statements to reflect new circumstances or unanticipated events as they occur, unless required by applicable law.

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