IMAGINATION PARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

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1. INTRODUCTION

The following Management's Discussion and Analysis ("MD&A"), of operating results and financial position for the years ended August 31, 2018 and 2017 is supplementary to, and should be read in conjunction with the audited consolidated financial statements and related notes for the financial year ended August 31, 2018. Copies of these documents can be found on the SEDAR website at www.sedar.com. The MD&A is intended to help readers understand the dynamics of our business and the key factors underlying our financial results. The MD&A and the consolidated financial statements were reviewed by the Company's Audit Committee and approved by the Board of Directors.

2. FORWARD-LOOKING INFORMATION

This document contains forward-looking statements which reflect management's current expectations about future events and financial and operating performance of the Company. Words such as "may", "will", "should", "could", "anticipate", "believe," "expect, "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. Forward-looking statements contained in this document may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements reflect management's current views with respect to future events or conditions, including prospective financial performance, financial position, and predictions of future actions, plans or strategies. Certain material factors and assumptions were applied in drawing our conclusions and making these forward looking statements. These statements reflect management's current views, beliefs and assumptions and are subject to certain inherent risks and uncertainties. Factors that could cause actual performance to differ materially include, but are not limited to:

- *ability to develop or acquire new technology;*
- *competition in the market;*
- *development of new software products;*
- *economic growth and fluctuations;*
- *proper performance of our Applications;*
- *the reliability of our payroll processing services;*
- *the protection and privacy of personal information which we hold;*
- *the risks associated with credit;*
- *capital expenditures;*
- *the exchange rate of the US currency fluctuations;*
- *changes in accounting policies and estimates;*
- *changes in consumer preferences and services and our ability to maintain customer relationships;*
- *human resource matters, including recruitment and retention of competent personnel;*

The above (and other) factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward-looking statements. See "Risks and Uncertainties" below and the section entitled "Risk Factors". Should one or more of these risks or uncertainties materialize, or should the assumptions underlying our projections or forward-looking statements prove incorrect, our actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. We do not intend and do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise, unless required by law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

3. COMPANY OVERVIEW

Imagination Park Entertainment Inc. (the "Company" or "Imagination Park") is a public company domiciled in Canada whose core business is to deliver engaging and interactive content to users through a cloud-based augmented reality ("AR") platform.

The Company's shares are listed on the Canadian Security Exchange (CSE) under the ticker symbol "IP" and the OTCQB Venture Market under stock symbol is "IPNFF". The Company was incorporated in British Columbia under the laws of the Business Corporation Act (BC, Canada).

In 2015, the Company was an emerging digital content production company, working with talented filmmakers around the world to bring conventional as well as virtual reality content to life. The Company embarked on a number of joint ventures, letters of understanding and revenue sharing agreements for the development of short films and proof of concepts.

In January 2018, the Company purchased a 100% interest in a private company, 1142128 B.C Ltd. by issuing 62,500 common shares. The fair value of the 62,500 common shares was determined to be $0.91 per common shares, based on the trading price at the date of issuance. The Company has included the operations of 1142128 B.C Ltd. in the consolidated financial statements. This includes revenue of $401,965 and offsetting costs of $510,574 for the year ended August 31, 2018.

During the year ended August 31, 2018, the Company acquired Prodigy Films Inc., for 71,428 common shares of Imagination Park, at value of $0.62 a share, for gross consideration of $44,285. The Company also acquired 66.67% of the outstanding shares capital of 3 Seconds Holdings Inc. in consideration for a cash payment of $126,659 (US$100,000). During the year, the Company incorporated Imagination Park Alberta Ltd., a movie production company and in December 2018 sold all interests in this Company for $6,000.

The Company has strategically decided to shift focus from digital content production to augmented reality and mixed reality software and services. Under the restructuring, the Company will reduce its involvement and investments in film content and transition to augmented reality. The Company expects to wind-down its remaining interest in its film producing entities in the following year.

In 2017, Company announced that it had executed a binding letter of intent with InterKnowlogy, LLC ("InterKnowlogy") in connection with the establishment of XenoHolographic Inc. ("XenoHolographic") a joint venture company where, pursuant to the terms, ownership would be divided on a 50/50 basis between Imagination Park and InterKnowlogy. InterKnowlogy, a software developer, is to advance its augmented and mixed reality platform and Imagination Park is to provide the marketing strategy and sales support to promote the use of augmented and mixed reality platform.

By November 2017, XenoHolographic was in the process of developing two new products to deliver interactive holographic experiences. XenoRoom is a location-based holographic experience engine allowing businesses to upload 3D content to the cloud. XenoSidekick is a mobile phone toolkit that when launched with a smartphone will allow for seamless interaction with holograms irrespective of the augmented reality headset brand.

In May 2018 the Company acquired the remaining 50% interest in XenoHolographic from InterKnowlogy to solely focus on providing the XenoHolographic Product Suite, one of the first platform-agnostic, cloud-based AR enterprise platforms in the world. With the recent acquisition of XenoHolographic, the Company now owns 100% of all right, title and interest in the XenoHolographic suite of products.

3. COMPANY OVERVIEW (CONTINUED)

About XenoHolographic Product Suite

XenoMark™ is an AR mobile app. that allows you to quickly create a visual marker. Once the marker is detected AR content is activated.

XenoPlay™ is the AR mobile app that allows the user to visualize the AR content once it is activated through XenoMark™. The activated content can be in the form of an image, text or video. XenoPlay™ can also deliver AR rewards and create AR stories showing people where they need to go and what they need to do to activate AR.

XenoCloud™ is a centralized management system where the content is securely stored and managed.

Working together, these products bridge the gap between the digital world and real world experiences. The mobile apps allow the users to scan real-world objects to unlock useful and entertaining content. The Company allows the user to create their own augmented reality content or will provide professional content services for a fee. Professional services can take the form of gaming content (scavenger hunts, score boards, sweepstakes etc.) or custom content (3D modelling, video animation, logo imaging etc.)

The AR experiences could be published to an existing mobile app or a white label app built by the Company via its augmented reality SDK or to the XenoPlay™ app. The Company will charge users an annual recurring licensing fee for the use of the mobile app based on the volume of AR experiences it publishes. The Company expects to generate revenue from monthly recurring revenue licensing fees.

According to Statista the AR/VR market grew from $6.1 billion in 2016 to $27 billion in 2018. BusinessWire reports that the global augmented reality market is estimated to be worth $60 Billion by 2023 and grow at a 40% CAGR from 2017 to 2023. The Company feels that it is uniquely positioned to take advantage of growth in this grass roots innovative industry which will revolutionize the way brands engage with their customers.

The Company is currently in discussions with a number of brands, resellers and agencies who are interested in licensing the XenoHolographic's software product suite. On November 15, 2018, the Company announced that it has been contracted to provide an exclusive augmented reality program for the inaugural season for the Tucson Sugar Skulls, an Indoor Football League ("IFL") team in Tucson, Arizona.

On December 10, 2018, the Company announced that it had been contracted to provide an exclusive augmented reality experience at the Mall of America one of the largest malls in America for this holiday season starting December 4, 2018. The Mall of America Augmented Reality Experience told a holiday story using XenoPlay™ mobile app with a series of AR experiences located throughout the mall. Upon completing the story, guests were rewarded with the opportunity to enter to win a shopping spree at the mall.

On December 4, 2018, the Company announced that it filed a comprehensive patent application for "Systems and Methods for Creating and Delivering Augmented Reality Content" with the U.S. Patent and Trademark Office. The patent application is specifically focused on the proprietary technology developed for XenoMark™ and XenoCloud™.

In June 2018, the Company announced significant changes to its Board of Directors with the appointment of James (Jim) Skippen and John Gillberry as new independent board members and the resignation from the Board of both Yas Taalat and Yipeng Ben Lu. In October 2018, the Company announced that Mr. Jim Skippen, an independent director, had been appointed Chair of the Board. In December 2018, the Company announced the Gabriel Napora resigned as a director of the Company.

4. NATURE OF CONTINUANCE OF OPERATIONS

The audited consolidated financial statements were prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, complete a public equity financing, or generate profitable operations in the future. The Company believes it will be able to raise the necessary funding to continue operations however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

At August 31, 2018, the Company had a net working capital deficiency of $2,040,495 (2017 – working capital of $284,348).

5. SELECTED ANNUAL INFORMATION

The following summary of selected audited financial information is derived from, and should be read in conjunction with, the Company's audited consolidated financial statements, including the notes thereto, for the financial years ended August 31, 2018, 2017, and 2016:

	2018	2017	2016
	$	$	$
Revenue	416,965	34,034	81,954
Loss for the year	3,103,911	6,261,214	955,235
Total comprehensive loss	3,103,911	6,261,214	955,235
Working capital (deficiency)	(2,040,495)	284,348	(74,530)
Total assets	7,223,487	800,095	303,442
Long-term debt	Nil	Nil	Nil

6. DISCUSSION OF OPERATIONS

The results of operations reflect the overhead costs incurred to provide an administrative infrastructure to manage the business and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity of Management and Directors.

For the year ended August 31, 2018, the Company had a net loss of $3,103,911 compared with a net loss of $6,261,214 in the prior year. During the year ended August 31, 2018, the Company incurred:

- production revenue of $416,965 (2017 - $34,034). Revenue in 2018 is related to the production of the Chinese television series "Always With You" through the Company's subsidiary, 1142128 B.C. Ltd. The Company also incurred $510,574 (2017 - $Nil) of production costs in 2018 resulting in a net production loss of $93,609.

- consulting and management fees of $1,283,755 (2017 - $921,672). The increase is mainly due to increased director and management involvement and increased outside consultants to facilitate the Company's restructuring and transition to AR.

6. DISCUSSION OF OPERATIONS (CONTINUED)

- financing of $708,922 (2017 - $Nil). The increase is mainly due to share purchase warrants granted pursuant to a related party $500,000 bridge loan agreement.

- accretion of convertible promissory note of $209,750 (2017 - $Nil). The increase is mainly due to the interest accrued on a convertible promissory note during the current year.

- share-based compensation of $1,671,655 (2017 - $1,348,662). The increase is due to options being granted during the current year.

- shareholder communications and promotions of $475,888 (2017 - $111,184). The increase was primarily due to an increase in promotion activities incurred during the current year including an increase in news release distribution fees, and website updates.

- travel and accommodation of $171,097 (2017 - $228,859). The decrease was due to directors travelling less frequently for business during the year.

- loss on settlement of debt of $1,045 (2017 - $2,849,789) related to the issuance of shares for debt. The prior year loss was a result of the difference between the deemed price and the fair value at the date of issuance.

- fair value gain on acquisition of XenoHolographic of $1,790,306 (2017 - $Nil). The gain was a result of the fair value change on the first 50% of XenoHolographic at the date of acquisition.

- $ 535,000 gain on revaluation of the derivative liability.

7. SUMMARY OF QUARTERLY RESULTS

The following table contains selected consolidated financial information for the Company, prepared in accordance with IFRS, for the eight most recently completed quarters of 2018 and 2017:

Three Months Ended	**August 31, 2018**	**May 31, 2018**	**February 28, 2018**	**November 30, 2017**
	$	$	$	$
Production income	(37,889)	-	454,854	-
Production expenses	(55,720)	-	(454,854)	-
Income (loss) and Comprehensive income (loss)	(431,409)	287,909	(1,537,794)	(1,422,617)
Income (loss) per Common Share	(0.01)	0.00	(0.02)	(0.02)
Three Months Ended	**August 31, 2017**	**May 31, 2017**	**February 28, 2017**	**November 30, 2016**
	$	$	$	$
Production income	-	-	4,034	30,000
Loss and Comprehensive loss	(653,616)	(4,436,481)	(664,326)	(506,791)
Loss per Common Share	(0.01)	(0.08)	(0.03)	(0.03)

7. SUMMARY OF QUARTERLY RESULTS (CONTINUED)

During the quarters ended November 30, 2016 and February 28, 2017, the Company increased its activity and increased its costs as a result. The increase in the quarter ended February 28, 2017 is primarily a result of $417,400 of share-based compensation relating to stock-option issuances. The increase in the quarter ended November 28, 2016 was primarily a result of $288,975 of net profit interests acquired.

During the quarter ended May 31, 2017, the Company incurred $2,851,624 in loss relating to shares issued for debt. This was a result of a difference in the deemed price and the trading price on the date of issuance. The Company also incurred $859,161 of stock-based compensation relating to the issuance of stock-options. The Company incurred higher consulting fees of $365,191 (compared to $221,442 during the 3 months ended May 31, 2016) and higher travel costs of $117,950 (May 31, 2016 - $36,988). Detailed descriptions of the increases are noted further in the MD&A.

During the quarter ended November 30, 2017, the Company incurred $988,392 of stock-based compensation relating to the issuance of stock-options and warrants pursuance to bridge loan agreement.

During the quarter ended February 28, 2018, the Company incurred $883,955 of stock-based compensation relating to the issuance of stock-options. The Company also recorded $454,854 of production income and $454,854 of production expenses related to producing the Chinese television series "Always With You" through the Company's newly acquired subsidiary, 1142128 B.C. Ltd.

During the quarter ended May 31, 2018, the Company incurred $1,400,577 in income relating to fair value gain on acquisition of XenoHolographic, subsequently adjusted in the fourth quarter by an additional $389,729.

During the quarter ended August 31, 2018, the Company incurred $374,961 of stock-based compensation relating to the issuance of stock-options.

8. DISCUSSION OF FOURTH QUARTER 2018 RESULTS

During the fourth quarter, the following significant transactions occurred:

i) The Company issued 142,380 common shares at a fair value of $0.29 per share to settle debts of $35,595 resulting in a loss on settlement of debt of $5,695.

ii) The Company closed a non-brokered private placement financing for aggregate gross proceeds of $555,000. The Company issued 3,700,000 units at a price of $0.15 per unit. Each unit comprises of one common share and one non-transferable common share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.25 for a period of up to thirty-six months from the date of issue.

9. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was $324,938 at August 31, 2018 compared to $528,401 at August 31, 2017. The Company had a working capital deficiency of $2,040,495 at August 31, 2018 compared with working capital of $284,348 at August 31, 2017.

During the year ended August 31, 2018, cash flow activities consisted of:

i) cash flows spent on operating activities of $2,470,811 (2017 - $1,224,893) consisting of operating expenses during the year.

9. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

ii) cash flows received from financing activities of $4,045,587 (2017 - $1,764,638) consisting primarily of $3,715,450 from private placements.

iii) cash flows spent on investing activities of $1,778,239 (2017 - $147,032) consisting primarily of $1,758,355 (2017 - $147,032) for investment in XenoHolographic Inc.

During the period from September 1, 2017 to December 31, 2018, the Company:

i) closed a non-brokered private placement financing for gross proceeds of $192,000. The Company issued 800,000 units at a price of $0.24 per unit. Each unit comprised of one common share and one-half of one share purchase warrant, with a whole warrant entitling the holder to purchase one additional common share for a period of up to twenty-four months from the date of issue at a price of $0.32, subject to accelerated expiry in certain circumstances.

In addition, the Company has paid an arm's length finder a fee of $4,800 and issued 60,000 finder's units with each finders unit having the same terms as the units issued in the placement;

ii) closed a non-brokered private placement financing for aggregate gross proceeds of $60,000. The Company issued 187,500 units at a price of $0.32 per unit. Each unit comprised of one common share and one-half of one non-transferable share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to twenty-four months form the date of issue at a price of $0.37, subject to accelerated expiry in certain circumstances;

iii) entered into a loan agreement to accept a short term, no interest, $500,000 bridge loan from a director of the Company convertible into 2,500,000 common share purchase warrants of the Company, each warrant convertible into one common share at a price of $0.32 per share for up to two years from the date of issue. The Company repaid it in full;

iv) issued 678,000 common shares pursuant to the exercise of options for gross proceeds of $141,855 and transferred the fair value of the options exercised to capital stock from share-based payments reserve;

v) issued 636,160 common shares pursuant to the exercise of warrants for gross proceeds of $207,632;

vi) issued 71,428 common shares at $0.62 for gross consideration of $44,285 to acquire Prodigy Films Inc.;

vii) issued 62,500 common shares at $0.91 for gross consideration of $56,875 to acquire 1142128 B.C Ltd.;

viii) closed a non-brokered private placement financing for aggregate gross proceeds of $270,000. The Company issued 450,000 units at a price of $0.60 per unit. Each unit comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common shares of the Company at a price of $0.65 for a period of up to twenty-four months from the date of issue.

In addition, the Company issued 6,400 common shares as an arm's length finder's fee in connection with the placement.

9. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

ix) closed a non-brokered private placement financing for aggregate gross proceeds of $972,950. The Company issued 1,389,928 units at a price of $0.70 per unit. Each unit comprised of one common share and one non-transferable common share purchase warrant (valued at $125,093), with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.70 for a period of up to twenty-four months from the date of issue.

In addition, the Company issued 20,529 common shares as an arm's length finder's fee in connection with the placement.

x) closed a non-brokered private placement financing for total gross proceeds of $1,665,500. The Company has allotted and issued 4,758,571 units at a price of $0.35 per unit. Each unit is comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of up to 36 months at a price of $0.50.

In addition, the Company has paid $9,000 as an arm's length finder's fee in connection with the private placement;

xi) issued 1,828,571 common shares (valued at $594,286) to acquire XenoHolographic Inc. for $640,000, resulting in a gain of $45,714;

xii) issued 142,380 common shares at a fair value of $0.29 per share to settle debts of $35,595 resulting in a loss on settlement of debt of $5,695;

xiii) closed a non-brokered private placement financing for aggregate gross proceeds of $555,000. The Company issued 3,700,000 units at a price of $0.15 per unit. Each unit comprises of one common share and one non-transferable common share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.25 for a period of up to thirty-six months from the date of issue;

xiv) issued a convertible promissory note to InterKnowlogy of US$1,800,000 (valued at CAD$2,338,380). The loan is repayable on or before May 29, 2019 or if after the date there remains any unpaid portion of the principal amount, the Company can satisfy part or all of the unpaid portion through the issuance of common shares of the Company valued at $0.35 per share or at the option of Interknowlogy at any time prior to May 29, 2019 at a price of US $1.00; and

xv) completed a non-brokered private placement financing for total gross proceeds of $3,028,718. The Company issued 25,239,318 units at a price of $0.12 per unit. Each unit comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.25 for a period of up to thirty-six months from the date of issue. The net proceeds of the placement will be used in the Company's ongoing efforts to create, deliver and promote augmented reality and the XenoHolographic product suite of products as well as for general working capital purposes.

In addition, the Company paid $3,696 as finder's fees in connection with the private placement.

10. SHARE CAPITAL

As at December 31, 2018, the Company had 101,620,788 common shares issued and outstanding and the following incentive stock options were outstanding:

Expiry Date	Exercise Price	Number of Options Outstanding
April 4, 2019	$0.35	300,000
December 22, 2019	0.65	19,000
January 22, 2020	0.97	150,000
March 13, 2020	0.30	350,000
March 17, 2020	0.45	50,000
June 4, 2020	0.34	50,000
August 24, 2020	0.24	250,000
August 13, 2021	0.17	250,000
August 24, 2021	0.24	562,250
September 13, 2021	0.15	500,000
November 16, 2021	0.15	50,000
February 3, 2022	0.05	317,100
April 12, 2022	0.50	40,000
April 18, 2022	0.31	750,000
June 22, 2022	0.26	68,888
July 4, 2022	0.26	490,000
August 8, 2022	0.28	150,000
November 9, 2022	0.28	825,000
December 12, 2022	0.69	20,000
January 22, 2023	0.97	50,000
February 13, 2023	0.72	75,000
April 20, 2023	0.45	100,000
July 12, 2023	0.20	1,400,000
		6,817,238

As at December 31, 2018, warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
June 22, 2019	$0.35	329,600
June 22, 2019	0.35	3,200
September 28, 2019	0.32	30,000
November 14, 2019	0.37	93,750
January 10, 2020	0.65	450,000
March 19, 2020	0.70	1,389,928
November 14, 2020	0.32	2,500,000
May 16, 2021	0.32	4,758,571
August 9, 2021	0.32	3,700,000
November 5, 2021	0.25	25,239,318
		38,494,367

11. OFF-BALANCE SHEET FINANCING

The Company did not have any off-balance sheet arrangements or transactions.

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the year ended August 31, 2018, the Company paid or accrued:

i) management and consulting fees of $257,590 (2017 - $107,884), to The Zamnu Inc., a corporation owned by the CEO of the Company, namely Alen Paul Silverrstieen.

ii) consulting fees of $Nil (2017 - 100,627) to Fast Creative Inc., a corporation owned by a former director of the Company, namely Colin Wiebe.

iii) consulting fees of $175,500 (2017 - $137,050) to Triton Films Inc., a corporation owned by a director and former CEO of the Company, namely Gabriel Napora.

iv) consulting fees of $11,500 (2017 - $127,200) to a former director of the Company, namely Tim Marlowe.

v) consulting fees of $155,250 (2017 - $150,750) to a director of the Company, namely Yas Taalat.

vi) consulting fees of $44,500 (2017 - $Nil) to a director of the Company, namely Ben Lu.

vii) director fees of $40,000 (2017 - $Nil) recorded in consulting and management fees to a director of the Company, namely James Skippen.

viii) director fees of $33,333 (2017 - $Nil) recorded in consulting and management fees to a director of the Company, namely John Gilberry.

ix) consulting fees of $22,500 (2017 - $Nil) to PJ Realty, a corporation owned by a director of the Company, namely James Skippen.

x) consulting fees of $Nil (2017 - $15,000) to Bow-Tie Investments, a corporation owned by a former director, namely Joe Wowk.

xi) consulting fees of $Nil (2017 - $25,000) to KMC Capital Corp., a corporation owned by the former CFO, namely Kelsey Chin.

xii) issued shares with a fair value of $Nil (2017 - $230,000) for a net profit interest in several films to Triton Films Inc., a corporation owned by a director of the Company, namely Gabriel Napora.

xiii) issued shares with a fair value of $Nil (2017 - $56,100) for a net profit interest in Food For Thought Project to a former director of the Company, namely Tim Marlowe.

xiv) paid or accrued office and rent costs of $Nil (2017 - $3,000) to KMC Capital Corp., a corporation owned by a former CFO Kelsey Chin.

As at August 31, 2018, $63,027 (2017 - $70,161) remained outstanding to related parties and is included under accounts payable.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended August 31, 2018, the Company was owed $9,705 from a company with directors in common which is included in receivables.

During the year ended August 31, 2018, the Company issued 2,650,000 stock options to directors resulting in share-based compensation of $708,729, which consisted of:

i) $242,660 to Ben Lu, a former director of the Company;
ii) $49,101 to Tristram Coffin, a director of the Company;
iii) $49,101 to Yassen Taalat, a director of the Company;
iv) $73,652 to Paul Silverrstieen, the CEO of the Company;
v) $166,656 to James Skippen, a director of the Company; and
vi) $127,560 to John Gillberry, a director of the Company.

During the year ended August 31, 2018, the Company issued 2,500,000 warrants (2017 - Nil) to the director, Tristram Coffin pursuant to a bridge loan of $500,000 resulting in a financing expense of $708,922 (2017 - $Nil).

13. DISCLOSURE CONTROLS AND PROCEDURES

CSE listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of Disclosure controls and procedures ("DC&P") and Internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

14. CHANGES IN ACCOUNTING POLICY AND FUTURE ACCOUNTING CHANGES

Please refer to the consolidated financial statements filed on www.sedar.com for the year ended August 31, 2018 for changes in accounting policies and future accounting changes.

15. FINANCIAL INSTRUMENTS

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

15. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts of cash, accounts receivables, accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair market value because of the limited term of these instruments. The Company carries its marketable securities at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables relate to amounts due from government agencies and amounts due from related parties therefore the Company's maximum exposure to credit risk is the balance of cash held as at August 31, 2018. The Company has no significant concentration of credit risk arising from operations.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instrument or future media related transactions. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As August 31, 2018 the Company had $595,888 (2017 - $286,839) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days and a convertible promissory note and derivative liability of $2,007,025 (2017 - $nil).

Interest risk

Interest risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities the Company is exposes to interest rate fair value risk. The Company has cash balances and no material interest-bearing debt, therefore, interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at August 31, 2018, the Company has US $11,866 included in cash and US $169,005 included in accounts payable and accrued liabilities and a convertible promissory note in the amount of US $1,800,000. Management does not hedge its foreign exchange risk, and does not believe a change in foreign exchange would materially affect the Company at its current stage

16. CONTINGENCIES

The Company is unaware of exposure to any contingent liabilities.

17. RISKS AND UNCERTAINTIES

The Company's financial condition, results of operations and business are subject to risks. The following are identified as the main risk factors:

Financing

The Company is reliant upon equity financing in order to continue its operations because it does not derive any income from its assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional funding in the future, it will be unable to carry out its operations.