MANAGEMENT'S DISCUSSION AND ANALYSIS

July 30, 2019

For the nine months ended May 31, 2019 and 2018

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1. INTRODUCTION

The Management's Discussion and Analysis ("MD&A") of operating results and financial position for the nine months ended May 31, 2019 and 2018 is supplementary to and should be read in conjunction with the condensed interim consolidated financial statements for the same period as well as 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 condensed interim consolidated financial statements were approved by the Board of Directors on July 30, 2019.

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 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;*
- *human resource matters, including recruitment and retention of competent personnel;*
- *the ability to raise capital;*

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 Technology 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 enterprise augmented reality ("AR") platform with a brand name of ImagineAR™.

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).

The Company has significantly reduced monthly expenses since March 2019 and continues to monitor and streamline operations.

Since March 1, 2019, the Company transitioned ImagineAR™ software development from San Diego, California to Canada to reduce monthly expenditures and leverage a new development partner's mobile app expertise. ImagineAR™ functionality, features, and architecture has been significantly improved with eight (8) new mobile app version releases from March 1, 2019 – July 26, 2019. The Company is focused on beta-tests and successful proof of concepts in key target marketplaces to develop a reference base of use cases and testimonials. Recurring client revenue is expected to increase significantly in the second half of 2019 as clients are implementing new monthly AR Campaigns.

Additionally, the Company will sponsor a number of large live events in which ImagineAR™ will be utilized to deliver AR activations to build ImagineAR™ brand awareness and quickly increase the mobile app download volume. ImagineAR™ Inc. is a sponsor for the Tall Ship Festival in Erie August 22-25, 2019. With expected attendance of 25,000 attendees, ImagineAR™ will be delivering a AR Scavenger Hunt in conjunction with the Flagship Niagara League for attendees to win prizes. The Company will be participating in these type of large events for the second half of 2019 to further promote downloads of the ImagineAR™ mobile app.

About ImagineAR™ Product Suite

ImagineAR Client Studio™ is an AR mobile app. that allows you to quickly create a visual of GPS marker. Once the marker is detected thru a push notification, AR content is activated to the mobile phone.

ImagineAR ™ is the consumer AR mobile app that allows the user to visualize the AR content once it is activated through ImagineAR™ Client Studio. The activated content can be in the form of an image, text or video. ImagineAR™ can also deliver AR rewards, sweepstakes and create AR scavenger hunts.

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

The Company is currently in development of the ImagineAR™ self-service website which allows any organization or individual utilizing a credit card, to create and launch an augmented reality campaign in minutes without the need for a technical resource. The AR campaigns can be location-based or marker-based (image activation) for a specific timeframe and include coupons and rewards. The target launch date is October 2019.

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 application also allows users to create their own augmented reality content. The Company also provides professional content services that can take the form of gaming content (scavenger hunts, score boards, sweepstakes etc.) or custom content (3D modelling, video animation, brand logo imaging etc.)

3. COMPANY OVERVIEW (CONTINUED)

The AR experiences could be published to the ImagineAR™ mobile app or a white label app developed by the Company. The Company will charge users a SaaS recurring monthly licensing fee for the use of the mobile app. The Company expects to generate revenue from monthly recurring licensing fees and one time, up-front professional services fees.

On January 29, 2019, the Company announced that the UltraStar Multi-tainment Center at Ak-Chin Circle, an enterprise of the Ak-Chin Indian Community, will implement a new futuristic augmented reality campaign from Imagination Park. Adding Augmented Reality (AR) will help change the theatrical experience and social culture within the one-of-a-kind world-class facility. Imagination Park enables UltraStar customers to point their phones at logos, signs, posters and landmarks to view or retrieve coupons, messages, videos and more. Customers just need to download Imagination Park's ImagineAR™ mobile browser app from the app store to open up a new world of interactive entertainment digital options while inside the multi-tainment center. The first initial AR campaign is expected to launch August 2019.

On February 5, 2019, the Company announced that Jonathan Mariner has joined the Company as a Senior Advisor to the CEO. Mr. Mariner, who retired from Major League Baseball, Office of the Commissioner, having previously served as Executive VP and CFO from March 2002 to December 2014 and as Chief Investment Officer from January 2015 until May 2016, will help improve the fan experience for professional sports teams and major advertisers by introducing Imagination Park's augmented reality technology platform.

On March 7, 2019, the Company announced that Orange County Community College ("SUNY Orange"), will be the first North American college to implement a student recruitment augmented reality campaign. Imagination Park will enable SUNY Orange students to point their phones at logos, signs, posters and landmarks on and around campus to view or retrieve school news, updates, retailer coupons, messages, videos and more. After downloading Imagination Park's ImagineAR™, the app presents students with a new world of interactive entertainment options while at SUNY Orange campuses in Middletown and Newburgh, New York. SUNY Orange is expected to launch their AR Scavenger hunt campaign in August 2019.

On March 20, 2019, the Company announced it is now an authorized Microsoft Co-Sell Azure Partner. Imagination Park selected the Azure platform as it enables security, reliability and the ability to scale very quickly. With some of the largest brands and professional sports teams with large audience/fan interaction it is critical that our infrastructure can handle rapid growth, and the artificial intelligence to log and analyze the data captured from these augmented reality engagements. The Company attended the Microsoft Inspire Conference in July 2019 to launch the sales and marketing relationship.

On March 25, 2019, the Company announced that Mark Silver has become an advisor to the Company. Mr. Silver, who is currently serving as the Chief Digital Officer for the Canadian Soccer Business, will advise Imagination Park on its augmented reality technology platform.

On April 30, 2019, the Company announced that Orangetheory Fitness will don its super hero cape and bring an augmented reality experience to the people of Fargo, North Dakota. In June 2019, Orangetheory launched a campaign to promote Orangetheory's affiliation with the Wonder Woman Run Series.

On May 2, 2019, the Company signed with Erie SeaWolves to bring augmented reality experiences to the UPMC Park and the city of Erie, Pennsylvania. The Detroit Tigers Double-A Affiliate will be among the first Minor League Baseball (MiLB) to utilize AR for fan engagement on their iOS or Android mobile devices. The Erie SeaWolves is expected to launch its initial AR campaign in August 2019.

3. COMPANY OVERVIEW (CONTINUED)

On May 8, 2019, the Company contracted by the Naismith Memorial Basketball Hall of Fame to provide an augmented reality (AR) experience as part of its fundraising initiatives via the Company's ImagineAR™ product suite. The Basketball Hall of Fame is the first sports museum to license Imagination Park's ImagineAR™ solution. The first AR Campaign is targeted to launch September 2019.

On May 14, 2019, the Company integrated their augmented reality (AR) application into the Association of Luxury Suites Directors (ALSD) official show app for an AR scavenger hunt, exposing all sports and vendue executive attendees to this new technology.

On May 16, 2019, the Company acquired a patent portfolio from XMG Studio Inc., which was a pioneer in augmented reality ("AR") gaming and Location Based Games in the 2009-2011 timeframe, including the developer of the successful Ghostbusters™ Paranormal Blast game in partnership with Sony. The Company paid XMG Studio $50,000 in cash and 5,000,000 shares for the portfolio. The Company has engaged White and Williams LLP, the original USA patent filing law firm for the acquired portfolio, to analyze monetization strategies.

On May 30, 2019, the Company closed the acquisition of XenoHolographic Inc. with the final payment to Interknowlogy with 6,915,600 million shares in settlement of promissory note.

On June 11, 2019, the Company announced that Steven Ridley has joined the Company as a Senior Advisor to the CEO. Mr. Ridley previously served as Global CEO of WPP's Kinetic Worldwide, the largest Out of Home and Non-traditional media specialist agency in the world. He was responsible for ensuring that the unique Kinetic offering was globally coordinated across a network that spanned twenty-one (21) countries, managing $4 billion in clients' media investment. Mr. Ridley will help introduce the ImagineAR™ Augmented Reality Platform to both the US and Global Out of Home media sector which in the US recently achieved $US8 billion annually.

On June 12, 2019, the Company signed a deal with the Miami Metro Group that will look to bring unique augmented reality experiences to South Florida Sports Franchises, Artists, Retailers, and Live Events in South Florida. Miami Metro Group is expected to launch its first AR campaign August 2019.

On June 17, 2019, the Company announced Erie BayHawks have signed a deal that will bring augmented reality experiences to the Erie Insurance Arena and the city of Erie, Pennsylvania. The New Orleans Pelicans NBA G League affiliate will be among the first G League teams to utilize AR for fan engagement on their iOS or Android mobile devices. The Erie BayHawks are expected to launch their first AR campaign in August 2019.

On June 27, 2019, the Company announced that Field of Flowers in Davie, Florida has signed a deal that will look to bring unique augmented reality experiences to consumers in South Florida. Field of Flowers is among the largest retail floral companies in the US and a respected pioneer in the industry. The Field of Flowers launched their initial AR campaign in July 2019.

4. NATURE OF CONTINUANCE OF OPERATIONS

The condensed interim 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 May 31, 2019, the Company had a net working capital of $745,326 (August 31, 2018 – deficiency of $2,040,495).

5. OUTLOOK

The Company will continue generate awareness for its platform by marketing its technology in various verticals including retail, sports and live entertainment, education, and fundraising. As announced, the company has established a number of strategic partnerships and alliances and performed numerous demonstrations to chief marketing officers and chief decision makers.

There has been significant interest in the platform. As the Company cycles through the sales funnel, feedback has been encouraging and a robust pipeline of opportunities is emerging. Over the next twelve months, management expects to convert these potential opportunities into revenue growth and expects to realize revenue in the form of monthly recurring revenues from licensing fees and upfront professional services fees from gaming and custom content.

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.

Nine month period ended May 31, 2019 and 2018

For the nine month period ended May 31, 2019, the Company had a net loss of $2,039,885 compared with a net loss of $2,666,807 in the comparative period. During the nine month period ended May 31, 2019, the Company incurred:

- revenue of $91,117 (2018 - $Nil). Revenue was primarily generated from licensing fees and professional services fees for custom content to provide client augmented reality experiences. The Company expects revenue to ramp up in future quarters as it generates awareness of it platform through various promotional activities and product demonstrations.

- accretion of convertible promissory note of $692,857 (2018 - $Nil). The increase is mainly due to the interest accrued on a convertible promissory note during the current period.

6. DISCUSSION OF OPERATIONS (CONTINUED)

- Depreciation of $1,104,215 (2018 - $Nil). The increase is mainly due to previously acquired intangible assets became commercially viable and amortization was recorded during the current period.

- Office, rent, and miscellaneous of $262,948 (2018 - $61,165). The increase is mainly due to an increase in business activities related to development of the augmented reality operation during the current period.

- share-based compensation of $274,603 (2018 - $2,005,616). The decrease is due to fewer options being granted during the current period.

- shareholder communications and promotion of $290,862 (2018 - $332,205). The decrease was primarily due to decreased promotion activities such as news release distribution fees, and website updates during the current period.

- travel and accommodation of $55,689 (2018 - $146,475). The decrease was due to the Company cost cutting efforts resulting in the directors travelling less frequently for business during the current period.

- gain on settlement of debt of $1,919,407 (2018 - $4,650) related to the settlement of payables in the amount of $32,469 with a cash payment of $14,852, which resulted in a gain of $17,617 and the settlement of the convertible promissory note of $2,420,460 with 6,915,600 shares valued at $518,670.

- Wages and salaries of $663,566 (2018 - $Nil). The increase is due to the salaries and benefits paid or accrued to a former officer during the current period.

- Write off of accounts payables of $66,072 (2018 - $Nil) due to the statute of limitations on amounts owing.

- $358,000 gain on revaluation of the derivative liability.

Three month period ended May 31, 2019 and 2018

For the three month period ended May 31, 2019, the Company had a net loss of $309,827 compared with a net income of $293,604 in the comparative period. During the three month period ended May 31, 2019, the Company incurred:

- consulting and management fees of $36,152 (2018 - $526,311). The decrease is mainly due to decreased of outside consultants to facilitate the Company's restructuring and transition to the augmented reality operation.

- Depreciation of $1,104,215 (2018 - $Nil). The increase is mainly due to previously acquired intangible assets became commercially viable and amortization was recorded during the current period.

- Office, rent, and miscellaneous of $94,594 (2018 - $43,290). The increase is mainly due to an increase in business activities relating to the development of the augmented reality operation during the current period.

- share-based compensation of $187,615 (2018 - $133,269). The increase is due to more options being granted during the current three month period.

- shareholder communications and promotions of $47,961 (2018 - $200,333). The decrease was primarily due to decreased promotion activities such as news release distribution fees, and website updates during the comparative period.

- travel and accommodation of $25,141 (2018 - $46,380). The decrease was due to the Company cost cutting efforts resulting in directors travelling less frequently for business during the current period.

- gain on settlement of debt of $1,901,790 (2018 - $Nil) related to the settlement of the convertible promissory note of $2,420,460 with 6,915,600 shares valued at $518,670.

- Wages and salaries of $133,415 (2018 - $Nil). The increase is due to the salaries and benefits paid or accrued to a former officer during the current period.

- Write off of accounts payables of $23,795 (2018 - $Nil) due to the statute of limitations on amounts owing.

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 2019 and 2018:

Three Months Ended	**May. 31, 2019**	**Feb. 28, 2019**	**Nov. 30, 2018**	**Aug. 31, 2018**
	$	$	$	$
Revenue and other income	7,161	38,162	45,794	(37,889)
Loss and Comprehensive loss	(309,827)	(762,844)	(967,214)	(431,409)
Loss per Common Share	(0.00)	(0.01)	(0.01)	(0.01)

Three Months Ended	**May 31, 2018**	**Feb. 28, 2018**	**Nov. 30, 2017**	**Aug. 31, 2017**
	$	$	$	$
Revenue and other income	-	454,854	-	-
Loss and Comprehensive loss	287,909	(1,537,794)	(1,422,617)	(653,616)
Loss per Common Share	0.00	(0.02)	(0.02)	(0.01)

8. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was $875,754 at May 31, 2019 compared to $324,938 at August 31, 2018. The Company had a working capital of $745,326 at May 31, 2019 (August 31, 2018 - $2,040,495). During the period ended May 31, 2019, cash flow activities consisted of:

i) cash spent on operating activities of $2,324,502 (2018 - $2,386,777) consisting of operating expenses during the current period.

ii) cash received from financing activities of $3,005,312 (2018 - $3,495,837) consisting primarily of $3,009,008 from private placements.

iii) cash spent on investing activities of $129,994 (2018 - $1,376,056) consisting primarily of $77,094 (2018 - $Nil) for purchase of intangible assets and $52,900 of cash relinquished on the disposition of a subsidiary.

During the period ended May 31, 2019, the Company:

i) closed a non-brokered private placement financing of 25,075,068 units at a price of $0.12 per unit raising total proceeds of $3,009,008. Each unit comprises of one common share and one 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 expiring on November 5, 2021. The Company paid cash of $3,696 as share issuance costs.

ii) issued 6,915,600 shares valued at $518,670 and settled $2,420,460 of convertible promissory note, which resulted in a gain of $1,901,790.

iii) issued 5,000,000 shares valued at $425,000 in consideration of a patent portfolio for the augmented reality industry.

9. SHARE CAPITAL

As at July 30, 2019, the Company had 101,456,538 common shares issued and outstanding and the following incentive stock options were outstanding:

Expiry Date	Exercise Price	Number of Options Outstanding	Exercisable
August 13, 2021	$0.17	250,000	250,000
August 24, 2021	0.24	212,500	212,500
September 28, 2021	0.14	500,000	500,000
November 16, 2021	0.15	50,000	50,000
February 1, 2022	0.10	100,000	25,000
February 3, 2022	0.05	317,100	317,100
March 25, 2022	0.055	100,000	25,000
April 12, 2022	0.50	40,000	40,000
April 18, 2022	0.31	750,000	750,000
June 10, 2022	0.10	100,000	25,000
July 4, 2022	0.26	250,000	250,000
November 9, 2022	0.28	325,000	325,000
April 11, 2024	0.60	2,000,000	2,000,000
May 14, 2024	0.90	1,000,000	1,000,000
		5,994,600	5,769,600

As at July 30, 2019, warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
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
		38,161,567

10. OFF-BALANCE SHEET FINANCING

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

11. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the nine month period ended May 31, 2019, the Company paid or accrued:

i) management and consulting fees of $189,618 (2018 - $198,446), to the CEO of the Company, namely Alen Paul Silverrstieen.

ii) consulting fees of $51,000 (2018 - $136,500) to Triton Films Inc., a corporation owned by a former director and former CEO of the Company, namely Gabriel Napora.

iii) consulting fees of $Nil (2018 - $11,500) to a former director of the Company, namely Tim Marlowe.

iv) consulting fees of $Nil (2018 - $120,750) to a former director of the Company, namely Yas Taalat.

v) consulting fees of $Nil (2018 - $27,000) to a former director of the Company, namely Ben Lu.

vi) director fees of $40,000 (2018 - $Nil) recorded in consulting and management fees to a former director of the Company, namely James Skippen.

vii) professional fees of $4,387 (2018 - $Nil) to the CFO of the Company, namely Leon Ho.

viii) wage and salaries of $69,323 (2018 - $Nil) to the former CFO of the Company, namely Anthony Pizzonia.

As of May 31, 2019, $18,936 (August 31, 2018 - $63,027) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

As of May 31, 2019, the Company was owed $7,316 (August 31, 2018 - $9,705) from a company with former directors in common which is included in receivables.

During the nine month period ended May 31, 2019, the Company issued 4,200,000 stock options (2018 – 1,150,000) to an officer, a former officer, and directors resulting in share-based compensation of $307,731 (2018 - $414,514). The 700,000 options issued to the former officer were cancelled upon his resignation

During the nine month period ended May 31, 2019, the Company issued Nil warrants (2018 – 1,500,000) relating to a loan payable to a director resulting in share-based compensation of $Nil (2018 - $369,192).

12. CHANGES IN ACCOUNTING POLICY AND FUTURE ACCOUNTING CHANGES

Please refer to the condensed consolidated interim financial statements filed on www.sedar.com for the period ended May 31, 2019 for changes in accounting policies and future accounting changes.

13. 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.

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 May 31, 2019. 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 at May 31, 2019, the Company had $286,549 (August 31, 2018 - $595,888) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days and loans payable of $Nil (August 31, 2018 - $425) and a convertible promissory note and derivative liability of $Nil (August 31, 2018 - $2,007,025).

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.

13. FINANCIAL INSTRUMENTS (CONTINUED)

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 May 31, 2019, the Company has US$46,899 included in cash, US$110,376 included in accounts payable, and a convertible promissory note of US$Nil. 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.

14. CONTINGENCIES

The Company is unaware of exposure to any contingent liabilities.

15. 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 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.

Key Personnel

The future of the Company is dependent on the management of the Company. The departure of any of operations or management personnel or their inability to continue being functional could have an adverse impact on the Company's growth, business, financial position, and operating results.

Competition

The Company will compete with many larger companies and new comers to the industry that will have greater financial and technical resources than the Company for the development of its applications as well as the recruitment and retention of qualified consultants and employees.