

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)

**Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in Canadian Dollars)**

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GOOD LIFE NETWORKS INC. (formerly Exitto Energy II Inc.)

Opinion

We have audited the consolidated financial statements of Good Life Networks Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a net loss of \$2,264,855 during the year ended December 31, 2018 and as at that date the Company has an outstanding credit facility of \$9,803,136. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 3, 2019

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
Consolidated Statements of Financial Position
December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
Assets (note 22)		
Current		
Cash	\$ 781,260	\$ 15,468
Accounts receivable (notes 14, 20)	20,580,940	9,652,926
GST receivable	154,403	100,906
Prepays	679,490	5,000
	22,196,093	9,774,300
Deposits (note 21)	2,098,149	-
Equipment (note 7)	116,038	-
Intangible Assets (notes 8, 20)	11,306,691	58,333
Goodwill (note 20)	10,201,411	-
	23,722,289	58,333
	\$ 45,918,382	\$ 9,832,633
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 14, 20)	\$ 11,450,396	\$ 7,854,180
Interest payable (notes 9, 10, 11)	-	266,824
Promissory notes (note 9)	-	750,000
Convertible debentures (note 11)	-	118,427
Note payable (note 6)	-	25,000
Loan payable (note 23)	1,035,010	-
Bank debts (note 22)	4,301,066	-
Share subscriptions received (note 12)	-	91,283
Other liabilities (note 17)	434,931	1,455,371
	17,221,403	10,561,085
Bridge Financing Payable (note 10)	-	1,299,292
Bank Debts (note 22)	5,502,070	-
Contingent Consideration (note 20)	12,208,499	-
Derivative Liability (notes 9, 20)	555,058	234,000
Deferred Income Taxes (notes 13, 20)	2,815,494	-
	38,302,524	12,094,377
Shareholders' Equity (Deficiency)		
Share Capital (note 12)	17,805,727	7,087,362
Convertible Debentures – Equity Component (notes 10, 11)	-	209,463
Reserves (note 12)	1,448,294	140,218
Translation Reserve	325,479	-
Deficit	(11,986,302)	(9,640,753)
Equity Attributable to Owners of the Company	7,593,198	(2,203,710)
Non-Controlling Interest (note 18)	22,660	(58,034)
	7,615,858	(2,261,744)
	\$ 45,918,382	\$ 9,832,633

Approved on behalf of the Board:

"Jesse Dylan"

.....
Jesse Dylan, Director

"Cliff Dumas"

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Cliff Dumas, Director

The accompanying notes are an integral part of these consolidated financial statements.

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
Revenues	\$ 20,077,289	\$ 9,723,075
Direct Expenses	12,798,261	5,388,405
Gross Profit	7,279,028	4,334,670
Operating Expenses		
General and administrative (notes 7, 8,10, 11, 14, 17)	4,159,286	2,968,184
Marketing and sales	426,485	137,666
Research and development	809,015	-
Share-based compensation (notes 12,14)	889,817	-
	6,284,603	3,105,850
Operating Income	994,425	1,228,820
Transaction costs (notes 14, 19, 20)	(3,759,728)	-
Foreign exchange gain (loss)	269,761	(150,520)
Gain on forgiveness of debt	305,025	427,254
Loan settlement fees (note 17)	(159,776)	-
Fair value changes of derivative liability (note 9)	85,438	(234,000)
Income (Loss) Before Income Taxes	(2,264,855)	1,271,554
Deferred income tax recovery (note 13)	-	66,172
Net Income (Loss)	\$ (2,264,855)	\$ 1,337,726
Net Income (Loss) Attributed to:		
Owners of the Company	\$ (2,345,549)	\$ 1,395,760
Non-controlling interest	80,694	(58,034)
	\$ (2,264,855)	\$ 1,337,726
Translation adjustment	325,479	-
Comprehensive Income (Loss)	\$ (1,939,376)	\$ 1,337,726
Comprehensive Income (Loss) Attributed to:		
Owners of the Company	\$ (2,020,070)	\$ 1,395,760
Non-controlling interest	80,694	(58,034)
	\$ (1,939,376)	\$ 1,337,726
Basic and Diluted Income (Loss) Per Share	\$ (0.03)	\$ 0.05
Weighted Average Number of Common Shares Outstanding	72,920,432	26,058,696

The accompanying notes are an integral part of these consolidated financial statements.

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital		Share Subscriptions Receivable	Convertible Debentures – Equity Component	Reserves	Translation Reserve	Deficit	Non-Controlling Interest	Total
	Number	Amount							
Balance, December 31, 2016	26,058,696	\$ 7,087,362	\$ (12,000)	\$ 16,136	\$ 140,218	\$ -	\$ (11,036,513)	\$ -	\$ (3,804,797)
Share subscriptions received	-	-	12,000	-	-	-	-	-	12,000
Equity component of bridge financing loans payable	-	-	-	259,499	-	-	-	-	259,499
Deferred income tax on equity component of bridge financing loans payable	-	-	-	(66,172)	-	-	-	-	(66,172)
Net income for the year	-	-	-	-	-	-	1,395,760	(58,034)	1,337,726
Balance, December 31, 2017	26,058,696	\$ 7,087,362	\$ -	\$ 209,463	\$ 140,218	\$ -	\$ (9,640,753)	\$ (58,034)	\$ (2,261,744)
Shares issued from private placement	37,757,617	9,450,000	-	-	-	-	-	-	9,450,000
Share issuance costs	-	(1,245,974)	-	-	-	-	-	-	(1,245,974)
Agents' options	-	(255,560)	-	-	255,560	-	-	-	-
Shares issued pursuant to RTO	4,000,000	1,000,000	-	-	126,000	-	-	-	1,126,000
Shares issued for debt	897,116	147,482	-	-	-	-	-	-	147,482
Share-based compensation	-	-	-	-	889,817	-	-	-	889,817
Units issued for Bridge Financing convertible notes	8,448,202	1,571,869	-	(193,327)	-	-	-	-	1,378,542
Shares issued for convertible notes	134,461	42,110	-	(16,136)	-	-	-	-	25,974
Finders' warrants issued on business combination	-	-	-	-	36,699	-	-	-	36,699
Warrants exercised	45,000	8,438	-	-	-	-	-	-	8,438
Cumulative translation adjustment	-	-	-	-	-	325,479	-	-	325,479
Net loss for the year	-	-	-	-	-	-	(2,345,549)	80,694	(2,264,855)
Balance, December 31, 2018	77,341,092	\$17,805,727	\$ -	\$ -	\$ 1,448,294	\$ 325,479	\$ (11,986,302)	\$ 22,660	\$ 7,615,858

The accompanying notes are an integral part of these consolidated financial statements.

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
Operating Activities		
Net income (loss) for the year	\$ (2,264,855)	\$ 1,337,726
Items not involving cash		
Amortization	166,994	8,334
Bad debts	14,602	148,890
Share-based compensation	889,817	-
Accrued interest	1,127	278,376
Gain on forgiveness of debt	(305,025)	(427,254)
Transaction costs (note 19)	1,060,340	-
Fair value change in derivative liability	(85,438)	234,000
Deferred income tax recovery	-	(66,172)
Foreign exchange gain (loss)	(113,749)	85,709
	(636,187)	1,599,609
Changes in non-cash working capital		
Accounts receivable	(3,488,277)	(8,876,482)
GST receivable	(53,497)	(35,775)
Prepays	(649,009)	8,770
Deposit (note 21)	(2,004,502)	-
Other liabilities	(1,020,440)	-
Accounts payable and accrued liabilities	(3,982,044)	5,832,725
Interest paid	(111,378)	-
Cash Used in Operating Activities	(11,945,334)	(1,471,153)
Investing Activities		
Purchase of equipment	(137,566)	-
Purchase of intangibles (note 8)	(214,881)	-
Cash received on acquisition of Exito (note 19)	67,994	-
Acquisition of 495, net of cash acquired (note 20)	(3,670,591)	-
Acquisition of ImpressionX (note 20)	(670,550)	-
Cash Used in Investing Activities	(4,625,594)	-
Financing Activities		
Share subscriptions received	-	103,283
Shares issued, net of issuance costs	8,112,743	-
Amounts drawn from credit facility (note 22)	9,803,136	-
Loan payable	-	25,000
Convertible debt repayment	(101,696)	-
Proceeds from exercise of warrants	8,438	-
Promissory notes repayment	(750,000)	-
Issuance of convertible notes – Bridge financing	-	1,461,941
Cash Provided by Financing Activities	17,072,621	1,590,224
Foreign Exchange Effect on Cash	264,099	(150,520)
Inflow (Outflow) of Cash	765,792	(31,449)
Cash, Beginning of Year	15,468	46,917
Cash, End of Year	\$ 781,260	\$ 15,468

Supplemental disclosure of cash flow information (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
Notes to the Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
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1. NATURE OF OPERATIONS AND GOING CONCERN

Good Life Networks Inc. (formerly Exito Energy II Inc.) (the "Company" or "Good Life") was incorporated under the *Business Corporations Act* on August 17, 2011. The Company was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") until the completion of its qualifying transaction.

Effective January 28, 2018, the Company closed its qualifying transaction (the "Transaction") with Good Life Networks Inc. ("GLN"), a Vancouver-based, digital media private company. The Transaction was completed by way of a share exchange pursuant to a plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia) (the "Arrangement"), which included the amalgamation of GLN and Exito Energy II Inc. ("Exito") to form the Company as the resulting issuer. Immediately prior to the completion of the Arrangement, Exito completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation share for every two pre-consolidation shares and continued from Alberta into British Columbia. Each GLN common share was exchanged for 0.2601 of a common share of the Company. The Company is continuing the business of GLN, as described below. The transaction was considered a reverse takeover ("RTO") since the legal acquiree is the accounting acquirer, as the former shareholders of GLN obtained a controlling interest of the resulting issuer after the completion of the Transaction (see note 19).

The Company's goal is a commercially focused digital branding and advertising agency. The principal business office of the Company is located at Suite 150, 1090 Homer Street, Vancouver, British Columbia, Canada, V6B 2W9.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the year ended December 31, 2018, the Company had a net loss of \$2,264,855 (2017 – income of \$1,337,726) and cash outflows from operating activities of \$11,945,334 (2017 - \$1,471,153) and as at December 31, 2018, has an accumulated deficit of \$11,986,302 (2017 - \$9,640,753).

During the year ended December 31, 2018, the Company funded its working capital requirements and its operating and investment expenditures through operating cash flows, proceeds from equity financing, debt and credit facilities. The Company's continuation as a going concern is dependent on its ability to attain profitable operations, maintain and renew its credit facilities or raise additional capital as required. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and consolidated statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Except as described in note 2(b), significant accounting policies

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
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have been consistently applied in the presentation of these consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 3, 2019.

(b) Basis of presentation

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments measured at fair value. These consolidated financial statements have prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars and the Company's functional currency is US dollars.

(c) Consolidation

These consolidated financial statements include accounts of the Company and the following controlled entities at December 31, 2018:

	<u>Relationship</u>	<u>Percentage</u>
Megacast Networks Inc.	Subsidiary	100%
Good Life Networks USA Inc.	Subsidiary	60%
Lighthouse Digital Inc.	Subsidiary	100%
495 Communications, LLC*	Subsidiary	100%
ImpressionX Inc.*	Subsidiary	100%

These consolidated financial statements include accounts of the Company and the following controlled entities at December 31, 2017:

	<u>Relationship</u>	<u>Percentage</u>
Megacast Networks Inc.	Subsidiary	100%
Good Life Networks USA Inc.	Subsidiary	60%

* The Company acquired 495 Communications, LLC ("495") and ImpressionX Inc. ("ImpressionX") on December 17, 2018 (note 20). These consolidated financial statements include 495 and ImpressionX's operating results from December 17, 2018 through to December 31, 2018.

All intercompany balances and transactions are eliminated on consolidation. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

(d) Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and

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disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include:

- (i) Share-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes Option Pricing Model (“Black - Scholes”) utilizes subjective assumptions such as expected price volatility and expected life of the option. Share-based compensation expense also utilizes subjective assumption on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.
- (ii) Useful lives of intangible assets – Following initial recognition, the Company carries the intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management’s estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.
- (iii) Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of marketing and sales data, as well as the Company’s financial ability to continue marketing and sales activities and operations.
- (iv) The fair value of consideration to acquire the Company in a reverse take-over transaction comprised common shares and replacement warrants and options. Common shares were valued on the date of issuance. Replacement warrants and options were valued using the Black-Scholes model. The Company applied IFRS 2 *Share-based Payments* in accounting for the Transaction.

Significant areas requiring the use of judgments include:

- (i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its platform development and working capital requirements.

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- (iii) The application of the Company's accounting policy for intangible asset capitalization requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Assumptions may change if new information becomes available.

The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible is impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with adverse effect on the entity, evidence of technological obsolescence and future plans.

- (iv) Research and development expenditures. The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.
- (v) The Company records an allowance for doubtful accounts related to accounts receivable that are considered to be uncollectable. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change to those factors could impact the estimated allowance and the provision for bad debts.
- (vi) The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.
- (vii) Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.
- (viii) Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgement, including assessing whether a present obligation exists, assessing factors that may mitigate or reduce the obligation, and determining a reliable estimate of the amount of cash outflow required to settle the obligation. The Company is required to both determine

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whether loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

- (ix) Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.
- (x) Contingent consideration and the allocation of fair value of assets acquired. The determination of fair value of assets acquired and contingent consolidations requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of the assets acquired require the most judgment and include estimates of future cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to the periods presented.

(a) Change in functional currency

Prior to January 1, 2018, the functional currency of Good Life, the parent company and its subsidiaries Megacast Networks Inc. and Good Life Networks USA Inc., was the Canadian dollar ("CAD"). Per IAS 21 – *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"), an entity's functional currency should reflect the underlying transactions, events and conditions that are relevant to the entity. Management considered primary and secondary indicators in determining functional currency including the currency that influences sales prices, labour, purchases and other costs. Other indicators including the currency in which funds from financing activities are generated and the currency in which receipts from operations are usually retained.

Based on these factors, management concluded that effective January 1, 2018, the parent company and its subsidiaries' functional currency should be the United States dollar ("USD"). One of the main factors affecting this decision is that sales contracts with substantially all customers are now denominated in USD.

The Company's newly incorporated subsidiary Lighthouse Digital Inc. and acquired subsidiaries 495 and ImpressionX also have a functional currency of USD. The Company has accounted for the change in functional currency prospectively, as provided for under IAS 21 with no impact of this change on prior period comparative information.

(b) Income taxes

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the

GOOD LIFE NETWORKS INC. (formerly Exito Energy II Inc.)
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temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) Share issue costs

The Company accounts for share issue costs by deferring the costs until the shares are issued, at which time the costs are charged to share capital as share issue costs. If the share offering does not proceed, the costs are expensed.

(d) Revenue recognition

Change in accounting policy

The Company adopted the requirements of IFRS 15 *Revenue from Contracts with Customers* effective January 1, 2018, which replaces IAS 18 *Revenue* using the modified retrospective approach. The Company reviewed its revenue streams and major contracts with customers using the IFRS 15 five step model as follows:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price, which is the total consideration provided by the customer;
- allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- recognize revenue when the relevant criteria are met for each performance obligation.

The adoption of IFRS 15 did not result in any changes to the Company's accounting policies for revenue recognition and therefore, did not result in any transitional adjustments to the Company's consolidated financial statements.

The Company generates revenue using its proprietary technology to connect online users to advertisers. Revenue is recognized over time using the output method when the performance obligation is fulfilled. The performance obligation is satisfied over time as the volume of impressions are delivered based on contract terms. Revenue arrangements are evidenced by contracts which specify the number and type of advertising impressions to be delivered over time at an agreed upon price based on performance objectives. Performance objectives are generally a measure of the number of ads displayed. The Company recognizes revenue when collection is reasonably assured.

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(e) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes option pricing model, which incorporates all market vesting conditions. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(f) Equipment

Equipment comprised of office furniture and computer equipment. Equipment is amortized on a straight-line basis over five years. Equipment is measured at cost less accumulated amortization and accumulated impairment loss.

(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the Cash Generating Unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company amortizes intangible assets with finite lives on a straight-line basis over their estimated useful lives as follows:

Intellectual property - 10 years
Customer relationships - 5 to 10 years
Patents - 10 years
Trademarks - 10 years

(h) Goodwill

The Company measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and the liabilities assumed, all measured as of the acquisition date. Since goodwill results from the application

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of the acquisition method of accounting for a business combination, it requires judgment in the determination of the fair value of assets and liabilities. Goodwill is allocated to the Company's CGUs or group of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal. The Company performs the annual goodwill impairment tests on December 31 each year.

(i) Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased when an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Income (loss) per share

Basic income (loss) per share is calculated by dividing the income or loss for the year by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Stock options and share purchase warrants are typically dilutive when the Company has net income for the period and the average market price of the common shares during the period exceeds the exercise price of the stock option and/or share purchase warrant.

Shares held in escrow are excluded from the determination of basic income (loss) per share if the release from escrow is other than time based.

(k) Convertible debt

The Company evaluates the terms of its financial instruments to determine whether it contains both a liability and an equity component. The Company recognizes separately the components of a financial instrument that create a financial liability and grants an option to the holder of the

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instrument to convert it into equity of the Company. On initial recognition, the instrument's fair value is allocated between the liability and the equity components using the residual method. The fair value of any derivative feature embedded in the compound financial instrument (other than the equity component, such as an equity conversion feature) is presented as a liability instrument.

(l) Financial instruments

Change in accounting policy

The Company adopted the new accounting standard IFRS 9, *Financial Instruments* effective January 1, 2018 using the modified retrospective approach. The Company has not restated comparative information for prior periods with respect to the classification and measurement requirements of IFRS 9 and accordingly, the comparative information for the year ended December 31, 2017 is presented under IAS 39 *Financial Instruments: recognition and measurement*. There were no changes to the carrying value of any of the Company's assets or liabilities as a result of this new accounting standard.

The Company did a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Measurement Category	
	Under IAS 39	Under IFRS 9
	Classification	Classification
Cash	Fair value – P&L	Fair value – P&L
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Interest payable	Amortized cost	Amortized cost
Promissory notes	Amortized cost	Amortized cost
Convertible debentures	Amortized cost	Amortized cost
Note payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost
Share subscriptions received	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost
Bridge Financing payable	Amortized cost	Amortized cost
Derivative liability	Fair value – P&L	Fair value – P&L

Financial assets

(i) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(ii) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

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Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to deficit when the financial instrument is derecognized or its fair value substantially decreases.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(iii) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

(i) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

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(ii) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(iii) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income (loss).

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the

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initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(m) Foreign currency translation

The functional currency of the Company and its subsidiaries is the United States dollar, and accounts denominated in currencies other than the United States dollar have been translated as follows:

- Monetary assets and liabilities at the exchange rate at the consolidated statement of financial position date;
- Non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined;
- Shareholders' equity items at historical exchange rates; and
- Revenue and expense items at the rate of exchange in effect on the transaction date.

The Company's presentation currency is the Canadian dollar. For presentation purposes, all amounts are translated from the United States dollar functional currency to the Canadian dollar presentation currency for each period. Statement of financial position accounts, with the exception of equity, are translated using the exchange rate at the end of each reporting period, transactions on the statement of comprehensive income (loss) are recorded at the average rate of exchange during the period, and equity accounts are translated using historical actual exchange rates.

Exchange gains and losses arising from translation to the Company's presentation currency are recorded as translation adjustment, which is included in translation reserve in the statement of shareholders' equity (deficiency).

(n) Derivative liability

The Company classifies equity instruments that do not meet the definition of equity as derivative liabilities which are fair valued each reporting period subsequent to the initial issuance unless the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed. The Company uses the Black-Scholes option pricing model to fair value these instruments. All changes in the fair value are recorded in the consolidated statements of comprehensive income (loss).

(o) Accounting standards issued but not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published, but are not yet effective, and have not been early-adopted by the Company. The Company does not expect these new pronouncements to have a significant impact on its consolidated financial statements.

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IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

4. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified at fair value through profit and loss ("FVTPL"); accounts receivable is classified at amortized cost; and accounts payable and accrued liabilities, loan payable, promissory notes, interest payable, bank debts, bridge financing payable, other liabilities and convertible debentures are classified at amortized cost. The carrying values of these instruments, other than bank debts, convertible debentures and bridge financing payable approximate their fair values due to their short term to maturity. The carrying value of bank debts, convertible debentures and bridge financing payable approximates fair value as they were at market rates of interest. Contingent consideration and derivative liability are classified at FVTPL using level 3 of the fair value hierarchy.

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is \$781,260 (2017 - \$15,468).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is \$20,580,940 (2017 - \$9,652,926). Accounts receivable are shown net of provision of credit losses of \$353,930 (2017 - \$nil).

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(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At December 31, 2018, the Company has \$781,260 (2017 - \$15,468) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of \$11,450,396 (2017 - \$7,854,180) and interest payable of \$nil (2017 - \$266,824) are due within three to six months. Promissory notes of \$nil (2017 - \$750,000), convertible debentures \$nil (2017 - \$120,000), note payable of \$nil (2017 - \$25,000), share subscriptions received of \$nil (2017 - \$91,283), loan payable of \$1,035,010 (2017 - \$nil), and bank debt of \$4,301,066 (2017 - \$nil) and other liabilities of \$434,931 (2017 - \$1,455,371) are due within twelve months. Bank debts of \$5,502,070 and contingent consideration of \$12,208,499 are due after twelve months.

The Company manages its liquidity risk by relying upon its revenues and will have to raise additional funds through equity or debt financing to fund its current liabilities and operations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is exposed to floating interest rate risk related to its bank debts.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company also exposed to foreign currency risk that options and warrants that have exercise price which is different from its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

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As at December 31, 2018 and 2017, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	2018	2017
	CAD\$	US\$
Cash	223,833	855
Accounts receivable	292,311	7,567,257
Accounts payable and accrued liabilities	(830,137)	(5,630,126)
Loans payable	(1,467,120)	-
Other liabilities	(434,931)	(724,370)
	CAD\$ (2,216,044)	US\$ 1,213,616

A 10% (2017 - 10%) change in the US dollar against the Canadian dollar at December 31, 2018 would result in a change of approximately \$163,000 (2017 - \$152,000) in comprehensive income (loss).

	2018	2017
	Euro	Euro
Cash		
Accounts payable and accrued liabilities	(1,500)	-
	Euro (1,500)	Euro -
Canadian dollar equivalent	\$ 2,347	\$ -

A 10% (2017 – N/A) change in the Euro against the Canadian dollar at December 31, 2018 would result in a change of negligible amount in comprehensive income (loss).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

5. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity (deficiency) and debt obligations. The Company's objectives in managing its capital are to maintain its ability to continue as a going concern, to further develop its business and ensure compliance with covenants of any applicable credit facility and other financing facilities. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals.

The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. The Company arranged credit facilities with a Canadian financial institution to maintain operations and future acquisitions. The Company may

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issue shares or seek debt or streaming financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements, except for financial covenants associated with its credit facilities.

The Company changed its capital management approach during the year ended December 31, 2018.

6. NOTE PAYABLE

In conjunction with the Transaction (note 1), the Company received a \$25,000 unsecured promissory note from Exito. The note payable is non-interest-bearing and is due November 30, 2017. The note payable is eliminated on consolidation upon completion of RTO.

7. EQUIPMENT

	Office Furniture	Computer Hardware	Total
COST			
Balance, December 31, 2016 and 2017	\$ -	\$ -	\$ -
Additions	112,911	24,656	137,567
Impact of foreign exchange	4,023	1,961	5,984
Balance, December 31, 2018	\$ 116,934	\$ 26,617	\$ 143,551
ACCUMULATED AMORTIZATION			
Balance, December 31, 2016 and 2017	\$ -	\$ -	\$ -
Charge for year	22,582	4,931	27,513
Balance, December 31, 2018	\$ 22,582	\$ 4,931	\$ 27,513
CARRYING VALUE			
December 31, 2017	\$ -	\$ -	\$ -
December 31, 2018	\$ 94,352	\$ 21,686	\$ 116,038

8. INTANGIBLE ASSETS

On October 5, 2016, pursuant to a consulting agreement with Stella 3000 Ltd. ("Stella"), the Company issued 1,333,333 common shares at a fair value of \$66,667 as consideration for Stella's assignment of intellectual property to the Company. The intellectual property has an estimated useful life of 10 years.

During the year ended December 31, 2018, the Company acquired two additional patent applications for consideration of \$827,367.

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	Intellectual Property	Customer Relationships	Trademarks	Patents	Total
COST					
Balance, December 31, 2016 and 2017	\$ 66,667	\$ -	\$ -	\$ -	\$ 66,667
Acquired from business combination	-	8,583,040	1,837,307	-	10,420,347
Additions	12,514	-	-	827,367	839,881
Impact of foreign exchange	5,083	98,189	21,019	3,320	127,611
Balance, December 31, 2018	\$ 84,264	\$ 8,681,229	\$ 1,858,326	\$ 830,687	\$11,454,506
ACCUMULATED AMORTIZATION					
Balance, December 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for the year	8,334	-	-	-	8,334
Balance, December 31, 2017	8,334	-	-	-	8,334
Charge for the year	8,334	32,302	6,915	91,930	139,481
Balance, December 31, 2018	\$ 16,668	\$ 32,302	\$ 6,915	\$ 91,930	\$ 147,815
CARRYING VALUE					
December 31, 2017	\$ 58,333	\$ -	\$ -	\$ -	\$ 58,333
December 31, 2018	\$ 67,596	\$ 8,648,927	\$1,851,411	\$ 738,757	\$11,306,691

9. PROMISSORY NOTES

	2018	2017
Loan agreement	\$ -	\$ 750,000

Loan Agreement

On December 21, 2015, as amended December 21, 2016, the Company entered into a loan agreement with a group of lenders who are third party lenders. The Company issued promissory notes for gross proceeds of \$750,000, with a term of one year and interest of 24% per annum is payable on a monthly basis. In connection with the promissory notes, the Company incurred \$46,613 in additional financing fees, which have been fully amortized over the original term of the promissory notes of one year. In 2015, \$50,000 was segregated and restricted and was to be used towards interest payments only. The principal amount is due on the last day of the term. To the extent that any revenue or cash flow is generated by AmpDesk Mobile ("AmpMobile") or by the Company, payments of 80% of such amounts are due at prescribed times during the term of the loan. AmpMobile is an advertising exchange platform previously acquired and impaired during the year ended December 31, 2015. The promissory notes are collateralized by a general security agreement entered into with the lenders providing the lenders a first secured interest in the assets of the Company.

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For the principal amount of \$750,000 advanced, the lenders received 1,250,000 special warrants (note 12) that will automatically convert into share purchase warrants as follows:

- (i) Upon completion of the transaction with Special Purpose Operating Company (“SPOC”), the special warrants will automatically convert, without further consideration, into warrants of the SPOC, exercisable up to December 21, 2020. The exercise price will be the lesser of the share price utilized in completing the reverse takeover (“RTO”) discounted by 25% per share, and the share price utilized for the financing completed by the SPOC with respect to the RTO discounted by 25%.

If the Company’s special warrants are converted into warrants of the SPOC and a concurrent financing is completed of no less than \$4,000,000, which results in the aggregate number of shares to be acquired by the holders of the warrants being less than 2% on a fully diluted basis, then warrants of the SPOC issued to the lenders shall be increased to equal 2% of the outstanding warrants of the SPOC on a fully diluted basis.

- (ii) If the RTO is not completed within the term of the loan, the special warrants will automatically convert into 12,500,000 warrants of the Company, exercisable up to December 21, 2020 at an exercise price of \$0.025 per share.

During the year ended December 31, 2017, the Company extended the repayment date of the Loan Agreement to January 31, 2018. In connection with the extension of the Loan Agreement, a bonus interest of 8% was accrued to the lenders. The loan principal of \$750,000 together with accrued interest of \$142,867 was repaid on January 31, 2018.

As the number of warrants the special warrant holders will receive will vary depending on whether RTO occurs, the warrants are accounted for as derivative liabilities and are fair valued at each statement of financial position date.

The Company estimated the fair value of the warrants to be \$234,000 and recorded them as derivative liability at December 31, 2017 using the Black-Scholes option pricing model with the following assumptions:

- Risk-free interest rate 1.97%
- Expected term (in years) 3
- Estimated dividend yield 0%
- Weighted-average estimated volatility 120%

Upon completion of the RTO, the special warrants converted into 1,250,000 warrants (note 12) and the Company revalued the warrant derivative liability and recorded a gain of fair value change of derivative liability of \$85,438 in the statement of comprehensive income (loss) during the year ended December 31, 2018. The Company estimated the fair value of the warrants to be \$148,562 and recorded them as derivative liability at December 31, 2018 using the Black-Scholes option pricing model with the following assumptions:

- Risk-free interest rate 1.85%
- Expected term (in years) 5
- Estimated dividend yield 0%
- Weighted-average estimated volatility 72.8%

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10. BRIDGE FINANCING PAYABLE

On April 27, 2017, the Company entered into a Bridge Financing Agreement (the "Bridge Financing") for issuance of up to 16,842,105 convertible notes with third parties, which are convertible into units of the Company, pursuant to a private placement at a conversion price of \$0.0475 per unit, with each unit consisting of one common share and one-half common share purchase warrant. These warrants are exercisable for 24 months at \$0.09 per warrant. The convertible notes are unsecured, have a term of five years and an interest rate of 10% per annum.

The Company amended in 2017 the Bridge Financing for issuance of up to a total of 8,448,202 convertible notes, which are convertible into units of the Company, pursuant to a private placement at a conversion price of \$0.183 per unit, with each unit consisting of one common share and one-half common share purchase warrant. The total amount raised from the Bridge Financing is \$1,542,255.

During the year ended December 31, 2018, the Bridge Financing was converted into units (note 12).

A continuity of the liability portion of the convertible debentures is as follows:

Balance, December 31, 2016	\$ -
Liability portion of Bridge Financing	1,283,303
Accretion interest expense	15,989
Balance, December 31, 2017	1,299,292
Accretion interest expense	796
Balance, January 26, 2018 (RTO date)	1,300,088
Converted into units	(1,300,088)
Balance, December 31, 2018	\$ -

As of December 31, 2018, accrued interest of \$Nil (December 31, 2017 - \$65,552) was payable. The Company recorded \$796 (December 31, 2017 - \$15,989) in accretion expense during the year ended December 31, 2018.

11. CONVERTIBLE DEBENTURES

During the year ended December 31, 2013, the Company raised \$260,000 through the issuance of convertible debentures with third party lenders. The convertible debentures bear interest at 20% per annum and are convertible into common shares of the Company at a price of \$0.05 per share. Interest is payable monthly. The notes with principal amounts of \$190,000 were convertible on or before June 27, 2018, while one of the notes with a principal amount of \$70,000 was convertible on or before September 6, 2018.

On inception, the Company allocated the total proceeds received between the liability and equity components of the convertible debenture using the residual method, based on a discount rate of 25%, which is the estimated cost at which the Company could borrow similar debt without a conversion feature. The liability component with a fair value of \$225,040 on inception is measured at amortized cost and is accrued over the expected term to maturity using the effective interest method. The equity component with a fair value of \$34,960 on inception is presented as a component of shareholders' equity.

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Three of the convertible notes with a combined principal of \$140,000 were settled, repaid or converted prior to 2016.

Three of the convertible notes with a combined principal of \$120,000 were settled, repaid or converted during the year ended December 31, 2018 (note 12).

A continuity of the liability portion of the convertible debentures is as follows:

Balance, December 31, 2016	\$ 115,201
Accretion interest expense	3,226
Balance, December 31, 2017	118,427
Settlement of convertible notes	(118,759)
Accretion interest expense	332
Balance, December 31, 2018	\$ -

12. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

During the year ended December 31, 2018

On January 26, 2018, the Company closed the arrangement with GLN (note 1) and deemed issued 4,000,000 common shares with a fair value of the common shares amounted to \$1,000,000 (note 19) pursuant to RTO.

Concurrent with the RTO transaction, the Company completed a private placement of 36,757,617 shares for gross proceeds of \$9,200,000. The Company paid \$1,245,974 cash commission and issued 2,545,064 agents' options to purchase common shares at \$0.25 per share until January 26, 2020. The agent's options were valued using the Black-Scholes model resulting in fair value of \$255,560 which was recorded as share issuance costs.

The Company also issued an aggregate of 8,448,202 units in connection with the Bridge Financing convertible notes (note 10). Each unit comprises one common share and one-half of one non-transferable common share purchase warrant. Each full warrant shall be exercisable into one common share for 24 months at an exercise price of \$0.35 CAD per share.

On March 7, 2018, the Company completed a private placement for gross proceeds of \$250,000 through the issuance of 1,000,000 common shares.

During the year ended December 31, 2018, the Company settled convertible debentures and related interest payable owing to a lender through a cash payment of \$101,696 and issuance of 134,461 common shares at a price of \$0.38 per share. The fair value of the shares issued was \$42,110 and a gain of \$18,081 was recognized on settlement.

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During the year ended December 31, 2018, 45,000 warrants were exercised at a price of \$0.1875 CAD per warrant for proceeds of \$8,438.

During the year ended December 31, 2018, 897,116 shares were issued at with a fair value of \$147,482 to settle accounts payable amounts owing to various lenders of \$190,920, resulting in a gain of \$43,438.

The Company did not issue any common shares during the year ended December 31, 2017.

(c) Warrants

During the year ended December 31, 2015, as amended December 21, 2016, the Company issued 1,250,000 special warrants in accordance with a loan agreement with a group of lenders for gross proceeds of \$750,000 (note 9). The special warrants automatically convert into warrants of a SPOC following an RTO. These 1,250,000 special warrants were converted on January 26, 2018 into 1,250,000 warrants of the Company at an exercise price of \$0.1875 CAD per share for five years.

During the year ended December 31, 2018, the Company issued 650,000 warrants with an exercise price of \$0.34 to an advisor as a finders' fee, and 2,914,622 warrants with an exercise price of \$0.1836 per share to the owners of ImpressionX as purchase consideration (note 20). These warrants have a fair value of \$36,699 and \$388,919, respectively. The warrants issued to the owners of ImpressionX vest two years following the date of issuance.

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2016 and 2017	1,250,000	\$ 0.1250
Issued	9,038,713	0.2700
Converted	(1,250,000)	0.1250
Exercised	(45,000)	0.1875
Outstanding, December 31, 2018	8,993,713	\$ 0.2700

The following warrants were outstanding at December 31, 2018:

Grant Date	Expiry Date	Exercise Price	Number of Warrants	Exercisable
January 26, 2018	January 26, 2023	\$ 0.1875	1,205,000	1,205,000
December 18, 2018	December 18, 2020	\$ 0.3400	650,000	650,000
December 18, 2018	December 18, 2023	\$ 0.1836	2,914,622	-
January 26, 2018	January 26, 2020	\$ 0.3460	4,224,091	4,224,091
			8,993,713	6,079,091

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The weighted average contractual life of warrants as at December 31, 2018 is 2.80 years (2017 – nil).

Some of the Company's warrants with a \$CAD exercise price have been recognized as a derivative liability as they did not meet the "fixed-for-fixed" criteria. The following is a summary of the Company's warrant derivative liabilities as at December 31, 2018 and December 31, 2017:

Balance, December 31, 2016	\$	-
Special warrants issued with promissory notes		234,000
Balance, December 31, 2017		234,000
Warrants issued in business combination		388,919
Change in fair value of derivative liability		(85,438)
Functional currency translation adjustment		17,577
Balance, December 31, 2018	\$	555,058

(d) Stock Options

Options transactions and the number of options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2016 and 2017	-	\$ -
Granted	10,525,064	0.23
Outstanding, December 31, 2018	10,525,064	\$ 0.23

The Company issued 2,545,064 finders' options in connection with the private placement in January 2018. All finders' options are exercisable at \$0.25 CAD per share until January 26, 2020 (note 19).

On January 30, 2018, the Company granted 5,525,000 stock options to various consultants, directors and officers of the Company. These stock options vest 25% on May 26, 2018, 25% on September 26, 2018, 25% January 26, 2019 and the remaining 25% on May 26, 2019. These stock options have an exercise price of \$0.25 per share and expire on January 30, 2023.

When the Company issues stock options, it records a share-based compensation in the year or period which the options are granted and/or vested. The expense is estimated using the following assumptions. Due to the lack of historical pricing information for the Company, the expected volatility is based on an average of historical prices of a comparable group of companies within the same industry. The risk-free interest rate is based on yield curves on Canadian government zero coupon bonds with a remaining term equal to the expected life of the stock options. The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares. Based on the best estimate, management applied the estimated forfeiture rate of 0%.

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The fair value of the options granted in January 2018 was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	2.01%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	79.61%

On December 18, 2018, the Company granted 1,705,000 stock options to various consultants, directors and officers of the Company. These stock options vest 50% on April 18, 2019, and the remaining 50% on August 18, 2019. These stock options have an exercise price of \$0.15 per share and expire on December 18, 2023. The fair value of these options was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.93%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	72.80%

For the year ended December 31, 2018, the Company recognized share-based compensation of \$889,817 (2017 - \$Nil) relating to the stock options that vested during the period. The Company also deemed granted 750,000 replacement stock options to Exito shareholders. (see note 19). The options expire on January 26, 2019 which is one year after the Transaction closed. The options were exercised subsequent to year end.

The following options were outstanding at December 31, 2018:

Grant Date	Expiry Date	Exercise Price	Number of Options	Exercisable
January 26, 2018	January 26, 2020	\$ 0.25	2,545,064	2,545,064
January 30, 2018	January 30, 2023	\$ 0.25	5,525,000	2,762,500
December 18, 2018	December 31, 2023	\$ 0.15	1,705,000	-
January 26, 2018	January 26, 2019	\$ 0.20	750,000	750,000
			10,525,064	6,057,564

The weighted average contractual life for the remaining options as at December 31, 2018 is 3.22 years (2017 – nil).

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13. INCOME TAXES

As at December 31, 2018, the Company has non-capital losses of approximately \$6,303,000 available that may be carried forward and applied against future income for Canadian income tax purposes. The non-capital losses expire as follows:

2033	\$	347,000
2034		1,774,000
2035		1,917,000
2036		2,265,000
	\$	6,303,000

Management continually evaluates the likelihood that its deferred tax assets could be realized. The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable that sufficient taxable income will exist in the future to utilize deferred tax assets.

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2018 and 2017 are presented below:

	2018	2017
Deferred income tax assets		
Non-capital losses carried forward	\$ -	\$ 66,172
Deferred income tax liabilities		
Intangibles acquired through business combinations	(2,813,494)	-
Equity component of bridge financing payable	-	(66,172)
Deferred income tax assets and liabilities, net	\$ (2,813,494)	\$ -

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

	2018	2017
Equipment	\$ 90,370	\$ 19,517
Share issue costs	1,006,175	13,620
Non-capital losses carried forward	7,894,485	2,019,526
Unrecognized deductible temporary differences	\$ 8,991,030	\$ 2,052,663

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Income tax expense differs from the amount that would be computed by applying the combined corporate income tax rate of 27.00% (2017 – 26.00%) to loss before income taxes. The reasons for the differences are as follows:

	2018	2017
Income (loss) before tax	\$ (2,264,855)	\$ 1,337,726
Statutory tax rate	27%	26%
Expected income tax benefit (expense)	611,511	(347,809)
Permanent differences	177,518	(8,348)
Differences on tax rates between jurisdictions	-	20,312
Change in timing difference	411,921	(191,002)
Unrecognized benefit of deferred tax assets	(1,064,205)	496,529
Other adjustments for tax purposes	(88,156)	-
Effect of change in tax rates	(48,589)	96,490
	\$ -	\$ 66,172

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Company paid wages and benefits of \$469,548 (2017 - \$236,165), listing bonus and transaction costs of \$272,121 (\$nil) and share-based compensation of \$254,011(\$nil) to companies controlled by directors/officers and family members of directors/officers. In addition, the Company acquired certain patents from a company controlled by an officer of the Company in the amount of \$625,000.

At December 31, 2018, included in accounts payable and accrued liabilities was \$413 (December 31, 2017 - \$138,608) owing to officers and directors. Included in accounts receivable is \$137,908 (December 31, 2017 - \$154,692) advanced to an officer. The amounts due to or from related parties are without stated terms of repayment or interest and are unsecured.

These transactions are in the normal course of business and have been valued in these consolidated financial statements at the fair value of the consideration paid.

Key management compensation

The Company's key management consist of executive officers and directors:

The compensation recorded to key management personnel during the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31,	
	2018	2017
Salaries and short-term employee benefits	\$ 1,086,249	\$ 451,125
Listing bonus and transaction costs	\$ 942,355	\$ -
Share-based compensation	\$ 334,038	\$ -

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15. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2018	2017
Additional Information		
Shares issued for debt settlement	\$ 147,482	\$ -
Gain on settlement of accounts payable	\$ 243,506	\$ 427,254
Intangible asset additions included in accounts payable	\$ 625,000	\$ -
Bridge financing interest payable converted into units	\$ 78,454	\$ -
Interest paid on promissory note	\$ 142,867	\$ 157,925

16. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment: digital branding and advertising. 10% of its long-term assets are held in Canada and 90% are located in USA; 100% of its revenues are earned from United States customers.

Significant Customers - During the year ended December 31, 2018, four customers have sales exceeding 10% of the Company's annual revenues for a combined total of \$13,570,807. During the year ended December 31, 2017, three customers have sales exceeding 10% of the Company's annual revenues for a combined total of \$8,962,424.

The following table represents sales to individual customers exceeding 10% of the Company's annual revenues:

	December 31, 2018	December 31, 2017
Customer A	\$ 4,394,431	\$ 4,090,800
Customer B	\$ 3,857,473	\$ 1,719,769
Customer C	\$ 2,962,477	\$ -
Customer D	\$ 2,356,426	\$ 3,151,855

17. OTHER LIABILITIES AND CONTINGENCIES

	2018	2017
Promissory note – Lerna	\$ -	\$ 799,178
Other – Lerna	-	82,000
Interest payable – Lerna	-	139,262
Legal fees - others	434,931	434,931
Total	\$ 434,931	\$ 1,455,371

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Lerna Promissory Note

On April 22, 2015, the Company issued a secured promissory note in the amount of US \$150,000 to Lerna, LLC ("Lerna") as part of the acquisition of AmpMobile. The promissory note has a term of one year and interest of 24% per annum. Repayments are based on the net cash flow of the AmpMobile division. Management is in dispute over the promissory note that became due April 22, 2016 with Lerna, as the transaction with Lerna was never completed and thus the amount remains unpaid.

On March 30, 2016, the Company entered into a secured and subordinated loan agreement (the "Loan Agreement") with Lernalabs Ltd. ("Lernalabs"), a company incorporated in Cyprus, and related to Lerna, pursuant to which Lernalabs agreed to loan to the Company an aggregate principal of up to US \$1,000,000. Pursuant to the Loan Agreement, Lernalabs has advanced US \$453,165 to the Company by way of promissory notes. In addition, US \$66,500 was received by the Company for which no promissory note has been issued.

Concurrent with the Loan Agreement, the Company entered into a consulting services agreement (the "Consulting Services Agreement") with Lernalabs pursuant to which Lernalabs agreed to provide consulting services to the Company for a term of three years commencing March 1, 2016 in exchange for a payment of US \$1,500,000 due on the date that is the later of (i) 13 months from the date of listing of the Company's shares for trading on an exchange (as defined in the agreement); and (ii) 18 months from March 1, 2016. The Consulting Services Agreement also provides that the Company will pay Lernalabs a monthly fee of US \$15,000. The Company terminated the Consulting Services Agreement on August 17, 2016.

In December 2016, the Company filed a civil claim against, among others, Lerna, Lernalabs and the lawyers responsible for negotiating the various agreements with Lerna and Lernalabs (the "Claim"). The Company asserts that Lerna breached the terms of the AmpMobile asset purchase agreement and further they were misrepresented into entering into the Loan Agreement and Consulting Services Agreement with Lernalabs.

Accordingly, pursuant to the Claim, the Company is seeking the following relief:

- Recovery of any amounts paid to Lerna with respect to the AmpMobile asset purchase agreement and cancellation of any future obligations with respect thereto;
- Rescission of the Loan Agreement and Consulting Services Agreement with Lernalabs and recovery of any amounts paid pursuant to the Consulting Services Agreement; and
- Recovery of costs associated with the various agreements, including legal fees.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking payment for the promissory note principal in the amount of US \$150,000 issued to the Company and interest accrued at 24% per annum. Management of the Company had accrued amounts for loan principal in promissory notes and interest in interest payable at December 31, 2017. During the year ended December 31, 2018, the Company paid cash of \$1,020,440 to settle the amounts owing to Lerna and Lernalabs, and is seeking to dismiss any claims against the Company.

The Company's Claim remains active. Whilst management believes the Company has reasonable defense to the debt claim from Lerna and reasonable arguments to support the Claim, the outcome of these legal proceedings cannot be determined at December 31, 2018 and no additional amounts have been accrued.

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During the year ended December 31, 2018, the Company incurred \$159,776 in legal fees in connection with the repayment of the promissory notes.

As at December 31, 2018, a payable of \$434,931 remains outstanding which is due to the lawyers responsible for negotiating the various agreements with Lerna and Lernalabs.

18. NON-CONTROLLING INTEREST

The Company owns 60% of its subsidiary Good Life Network USA Inc. The principal place of business is in United States. The summarized financial information of the subsidiary in 2018 is as follows: Current asset of \$1,072 (2017 - \$1,343), current liabilities of \$229,206 (2017 - \$964,257), and net gain of \$201,736 (2017 – loss of \$145,084) with non-controlling interests of \$80,694 (2017 - \$58,034).

19. REVERSE TAKE OVER OF EXITO

On January 26, 2018, the Company closed the arrangement with GLN (note 1). The Transaction was considered an RTO since the legal acquiree is the accounting acquirer, as the former shareholders of GLN obtain a controlling interest of the resulting entity after the completion of the Transaction.

The following summarizes the reverse takeover of Exito by GLN and the assets acquired and the liabilities assumed on January 26, 2018, the amalgamation date:

Net tangible assets (estimated fair value) acquired:	
Cash and cash equivalents	\$ 67,994
Accounts receivable	9,365
Notes receivable	25,000
	\$ 102,359
Consideration paid:	
Shares of Good Life deemed issued (4,000,000 shares x 0.25/share)	\$ 1,000,000
Options issued to Exito shareholders	126,000
	\$ 1,126,000

At the time of the Transaction, Exito's assets consisted primarily of cash and accounts receivable, and it did not have any processes capable of generating outputs; therefore, Exito did not meet the definition of a business. Accordingly, as Exito did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the amalgamation did not constitute a business combination; however, by analogy it has been accounted for as an RTO. Therefore, GLN, the legal subsidiary, has been treated as the accounting parent company, and Exito, the legal parent, has been treated as the accounting subsidiary.

As the acquisition was not considered a business combination, the excess value of consideration paid over the net assets acquired together with the estimated fair value of 750,000 options granted to Exito shareholders, and additional transaction costs are expensed as a listing fee.

The fair value of the common shares amounted to \$1,000,000, based on the shares issued in a concurrent financing of the Company's common shares at the time of the transaction of \$0.25 per

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share. The fair values of the stock options were determined using the Black-Scholes option pricing model with the following weighted average assumptions: market price of shares – 0.25/share, exercise price – \$0.20, expected life – 1 year, volatility – 80%, risk-free rate – 1.77%, and dividend yield – 0%.

Consideration paid	\$ 1,126,000
Net tangible assets acquired	(102,359)
Additional transaction costs	1,294,377
Listing fee	\$ 2,318,018

20. ACQUISITIONS

495 Communications, LLC

On December 17, 2018, the Company closed the acquisition of 100% of the issued and outstanding shares of 495 Communications, LLC (“495”) under the terms of a definitive share purchase agreement. As a result of the acquisition, 495 operates as a wholly-owned subsidiary of Good Life. 495 is in the business of Connected Television (“CTV”) advertising and content marketing. 495 has exclusive rights to advertise on numerous premium CTV channels, where users can watch advertising supported movies and video content. The Company acquired 495 to gain access to its customer base and CTV advertising and content.

The aggregate consideration paid by the Company to acquire 495 comprised of:

- (i) US \$3,500,000 cash less the amount of outstanding indebtedness;
- (ii) a cash earn-out, up to a maximum of \$5,500,000 for performance benchmarks; and
- (iii) a share/cash earn-out, to be satisfied, at the sole discretion of the Company, in cash or through the issuance of common shares of the Company up to a maximum amount of US\$6,000,000 for hitting performance benchmarks. The earn-out period is from January 1, 2019 to December 31, 2019, with payment due in January 2020.

The Company has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair values at the acquisition date.

The provisional allocation of the purchase consideration to the total fair value of net assets acquired is as follows:

Fair value of net assets acquired	\$
Cash	1,023,259
Accounts receivable	3,450,650
Other current assets	25,481
Customer relationships	5,860,607
Tradenames & trademarks	1,837,307
Accounts payable	(3,292,593)
Other current liabilities	(50,769)
Deferred income tax liability	(2,078,437)
Identifiable net assets acquired	6,775,505
Goodwill	7,792,864
	14,568,369

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Consideration Paid	\$
Cash	4,693,850
Loan payable (note 23)	1,023,259
Fair value of earn-outs	8,851,260
	14,568,369

On acquisition, the Company recognized a deferred income tax liability of \$2,078,437 from the temporary differences arising from the customer relationships, tradenames and trademarks. The resulting goodwill represents the established growth potential and synergies between 495 and the Company. Since the acquisition, 495 generated revenues of \$715,222 and a net income of \$113,849.

As at December 31, 2018, the Company recognized a foreign exchange loss on the loan payable and contingent consideration of \$11,751 and \$101,640, respectively.

ImpressionX

On December 17, 2018, the Company acquired 100% of the issued and outstanding shares of ImpressionX Inc. (“ImpressionX”) under the terms of a definitive share purchase agreement. As a result of the acquisition, ImpressionX operates as a wholly-owned subsidiary of Good Life.

ImpressionX is a digital advertising company with a focus on CTV, mobile, and digital media platforms. Customers consist of advertisers seeking to publish their content on mobile, digital and CTV platforms. The Company acquired ImpressionX to gain access to its customer base and CTV advertising and content.

The aggregate consideration paid by the Company to acquire ImpressionX comprised of:

- (i) US \$500,000 cash;
- (ii) A working capital adjustment of \$845,427 recorded in accounts payable of the Company as at December 31, 2018;
- (iii) A performance earn-out of up to USD \$1,000,000 in cash based on agreed-upon milestones. The earn-out period is for the 12-month period following the closing date, with payment due in January 2020;
- (iv) A performance earn-out of up to USD \$2,600,000 in Warrants for the 2-year period following the closing date; and
- (v) 2,914,622 warrants with an exercise price of \$0.1836 and term of 5 years.

The warrants issued on acquisition date have an estimated fair value of \$388,919, calculated using the Black-Scholes option pricing model assuming a share price of \$0.195, average risk-free interest rate of 1.93%, a 0% dividend rate and volatility of 85%. The warrants issued are presented as a derivative liability as they do not meet the fixed-for-fixed criteria.

The Company has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and liabilities assumed were recorded at their estimated fair values at the acquisition date.

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The provisional allocation of the purchase consideration to the total fair value of net assets acquired is as follows:

Fair value of net assets acquired	\$
Accounts receivable	3,994,324
Customer relationships	2,722,433
Accounts payable	(3,148,897)
Deferred income tax liability	(737,057)
Identifiable net assets acquired	2,830,803
Goodwill	2,292,733
	5,123,536

Consideration Paid	\$
Cash	670,550
Working capital adjustment	845,427
Warrants	388,919
Fair value of earn-outs	3,218,640
	5,123,536

On acquisition, the Company recognized a deferred income tax liability of \$737,057 from the temporary difference arising from the customer relationships. The resulting goodwill represents the established growth potential and synergies between ImpressionX and the Company. Since the acquisition, ImpressionX generated revenues of \$148,059 and a net income of \$33,079.

As at December 31, 2018, the Company recognized a foreign exchange loss on the contingent consideration of \$36,959.

In connection with the two acquisitions noted above, the Company incurred \$1,358,992 in acquisition costs, which is recorded in the consolidated statements of comprehensive income (loss).

As at December 31, 2018, the Company recognized a foreign currency translation adjustment on goodwill of \$115,814.

21. DEPOSITS

The Company paid deposits amounting to \$2,712,149 with respect to an agreement with a third party to research, design and develop a software platform for the Company's advertising technology to be used in mobile phone applications. During the year ended December 31, 2018, the Company expensed \$614,000 for research services rendered.

22. BANK DEBT

On December 17, 2018, the Company entered into a commercial agreement with a major Canadian financial institution to provide four credit facilities ("Facilities") for working capital and acquisitions.

The first credit facility amounted \$5,000,000 with \$3,682,520 drawn down by December 31, 2018 ("First Facility"). The first credit facility is due on demand and represents a general operating line

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facility for the purpose of general operating requirements. It bears interest rate of prime plus 1.25% per annum with interest payable monthly.

The second credit facility amounted CAD \$5,000,000 or USD equivalent, with USD \$3,705,124 drawn by December 31, 2018. This is a revolving term facility for the purpose of financing the acquisition of 495 and future acquisitions (“Second Facility”). Interest rates vary based on total funded debt to EBITDA (Earnings Before Interest Taxes and Amortization) ranging from The Bank of London Interbank Offer Rate (“LIBORs”) +300 basis points to LIBORs +550 basis points. A standby fee of 0.25% per annum on the daily unused portion of the credit payable, is payable monthly from the date after the initial drawdown. The Second Facility is repayable with a 5-year term with first 12 months of interest only and then 47 equal monthly installments of principal and interest. Final payment of principal and interest are due on 60th month. In addition to the scheduled installments of principal, an annual bulk cash payment, equal to 50% of surplus cash flow (as defined in the agreement) to a maximum amount of \$500,000, is to be applied as a permanent reduction.

The third credit facility amounted CAD \$1,115,000 or USD equivalent, with USD \$840,495 drawn by December 31, 2018. This is a revolving term facility for the purpose of financing the payout of Lerna liabilities (note 17) (“Third Facility”). Interest rates vary based on total funded debt to EBITDA ranging from LIBORs +300 basis points to LIBORs +550 basis points. The loan was fully drawn down by December 31, 2018. The Third Facility is repayable in 24 monthly installments of principal and interest commencing 30 days after draw down. In addition to the scheduled installments of principal, an annual bulk cash payment, equal to 50% of surplus cash flow (as defined in the agreement) to a maximum amount of \$500,000, is to be applied as a permanent reduction.

The fourth credit facility is a visa business card for the purpose of general operating requirements. (“Fourth credit facility”) with interest and repayment defined in agreement.

The facilities are secured by a first fixed charge over all present and future properties of the Company. Under the terms of the Facilities, the Company must satisfy certain financial covenants including minimum financial ratios. These include:

- Maintain a fixed coverage ratio of not less than 1.10 to 1.00.
- Maintain current assets to current liabilities ratio all times at 1.25:1 or better.
- Maintain a Total Funded Debt to EBITA ratio equal to or less than 4.00:1 at closing, stepping down to 3.50:1 by fiscal year ending December 31, 2018, stepping down to 3.00 by fiscal year ending December 31, 2019 and maintained all times.

The Company is in compliance with the above covenants at December 31, 2018. The Company paid a \$45,000 commitment fee in relation to the facilities, which was recorded as a deferred financing cost.

Repayment	\$
Within 12 months	4,320,812
December 31, 2020	1,805,112
December 31, 2021	1,256,500
December 31, 2022	1,256,500
December 31, 2023	1,209,212
	9,848,136

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23. LOAN PAYABLE

Concurrent with the closing the 495 acquisition (note 20), the Company signed a promissory note agreement with the sellers for \$1,035,010. The loan is repayable on or before February 1, 2019. The loan will begin accruing interest at a rate of 6% per annum in the event the principal is not repaid on the due date. The loan is unsecured.

24. EARNINGS PER SHARE

The calculation of basic and diluted earnings (loss) per share for the relevant years is based on the following:

	December 31, 2018	December 31, 2017
Net income (loss) for the year	\$ (2,264,855)	\$ 1,337,726
Basic weighted average number of common shares outstanding	72,920,432	26,058,696
Effect on dilutive securities:		
Options	-	-
Diluted weighted average number of common shares outstanding	72,920,432	26,058,696
Basic income (loss) per share	\$ (0.03)	\$ 0.05
Diluted income (loss) per share	\$ (0.03)	\$ 0.05

25. COMMITMENTS

The Company entered into a lease agreement for office space for a term of three years commencing February 1, 2017 to January 31, 2020. The rent expense to be incurred in the next twelve months is \$100,943. The rent expense to be incurred in the year ending December 31, 2020 is \$8,412.

Other commitments are disclosed elsewhere in these consolidated financial statements.

26. GAIN ON SETTLEMENT OF DEBT

During the year ended December 31, 2018, the Company settled accounts payable amounts with payments lower than their carrying values, resulting in a gain of \$243,506 recognized in the consolidated statement of comprehensive income (loss).

27. SUBSEQUENT EVENTS

Subsequent to year end, 362,500 options were exercised for \$72,500 at an exercise price of \$0.20 per share.