GOOD LIFE NETWORKS INC.

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months ended September 30, 2019 and 2018
(Unaudited)
(Expressed in Canadian Dollars)

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Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

GOOD LIFE NETWORKS INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)
As at

	September 30, 2019	December 31, 2018
Assets (Note 7)		
Current		
Cash	$ -	$ 781,260
Accounts receivable, net (note 3, 10, 16)	883,928	20,580,940
GST receivable	47,479	154,403
Lease asset (note 14)	32,994	-
Prepaids	64,354	679,490
	978,705	22,196,093
Deposits (note 13)	-	2,098,149
Equipment	92,725	116,038
Intangible Assets (note 4, 6)	704,039	11,306,691
Goodwill (note 6)	-	10,201,411
	796,764	23,722,289
	$ 1,775,469	$ 45,918,382
Liabilities		
Current		
Bank overdrawn	$ 39,119	$ -
Accounts payable and accrued liabilities	2,740,530	11,450,396
Lease liability (note 14)	32,944	-
Loan payable (note 5)	1,076,410	1,035,010
Bank debts (note 7)	10,482,192	4,301,066
Other liabilities (note 13)	434,931	434,931
	14,806,126	17,221,403
Bank Debts (note 7)	-	5,502,070
Contingent Consideration (note 6)	-	12,208,499
Derivative Liability (note 8)	541,882	555,058
Deferred Income Taxes (note 6)	-	2,815,494
	15,348,008	38,302,524
Shareholders' Equity		
Share Capital (note 8)	20,285,209	17,805,727
Translation Reserve	(39,739)	325,479
Reserves (note 8)	1,949,828	1,448,294
Deficit	(35,594,363)	(11,986,302)
Equity Attributable to Owners of the Company	(13,598,966)	7,593,198
Non-Controlling Interest	26,427	22,660
	(13,572,539)	7,615,858
	$ 1,775,469	$ 45,918,382

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

GOOD LIFE NETWORKS INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**
Revenue	$ 751,971	$ 5,242,676	$ 8,447,553	$ 10,000,650
Direct Expenses	(542,731)	(2,900,671)	(5,257,132)	(5,619,359)
	209,240	2,342,005	3,190,391	4,381,291
Operating Expenses				
Amortization (note 4, 15)	59,413	-	699,257	-
Bad debts (note 16)	27,021	-	10,912,449	-
Financing costs (note 5, 6, 7)	399,590	-	670,187	-
General and administrative expenses (note 10)	1,979,927	687,306	5,196,231	2,478,653
Marketing	673,822	234,695	1,463,410	567,030
Share-based compensation (note 8)	21,273	196,950	220,278	1,219,230
	3,161,046	1,118,951	19,161,812	4,264,913
Operating Profit (Loss)	(2,951,806)	1,223,054	(15,998,761)	116,378
Listing fee (notes 9 and 10)	-	(1,525)	-	(2,319,543)
Acquisition-related expenses (note 6)	(66,875)	-	(109,875)	-
Write offs (note 16)	-	-	(6,638,241)	-
Foreign exchange gain (loss)	176,877	(293,641)	(262,050)	(37,322)
Gain (loss) on settlement of debt	(491,261)	83,102	(595,368)	321,711
Fair value change of derivative liability	-	-	-	234,000
Net Income (Loss) for the Period	$ (3,333,065)	$ 1,010,990	$ (23,604,295)	$ (1,684,776)
Net Income (Loss) Attributed to:				
Owners of the Company	$ (3,332,025)	$ 971,064	$ (23,608,062)	$ (1,735,231)
Non-controlling interest	(1,040)	39,926	3,767	50,455
	(3,333,065)	1,010,990	(23,604,295)	(1,684,776)
Translation adjustment	3,231	-	(365,217)	-
Comprehensive Income (Loss) for the Period	$ (3,329,834)	$ 1,010,990	$ (23,969,513)	$ (1,684,776)
Comprehensive Income (Loss) Attributed to:				
Owners of the Company	$ (3,328,794)	$ 971,064	$ (23,973,280)	$ (1,735,231)
Non-controlling interest	(1,040)	39,926	3,767	50,455
Basic and Diluted Income (Loss) Per Share	$ (0.04)	$ 0.01	$ (0.29)	$ (0.02)
Weighted Average Number of Common Shares Outstanding	88,862,663	76,546,853	81,809,356	71,436,211

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

GOOD LIFE NETWORKS INC.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital								
	Number	**Amount**	**Shares to be issued**	**Reserves**	**Convertible Debentures – Equity Component**	**Translation Reserve**	**Deficit**	**Non-Controlling Interest**	**Total**
		$	$	$	$	$	$	$	$
Balance, December 31, 2017	26,058,696	7,087,362	-	140,218	209,463	-	(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	-	(509,310)	-	509,310	-	-	-	-	-
Shares issued pursuant to RTO	4,000,000	1,000,000	-	126,000	-	-	-	-	1,126,000
Shares issued for debt	394,361	67,041	-	-	-		-	-	67,041
Share-based compensation	-	-	-	1,219,230	-	-	-	-	1,219,230
Shares 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		-	(9,412)		-	-	32,698
Convertible notes repaid	-	-	-	-	(6,724)	-	-	-	(6,724)
Warrants exercised	45,000	8,438		-	-		-	-	8,438
Net loss for the period	-	-	-	-	-	-	(1,735,231)	50,455	(1,684,776)
Balance, September 30, 2018	76,838,337	17,471,536	-	1,994,758	-	-	(11,375,984)	(7,579)	8,082,731
Balance, December 31, 2018	77,341,092	17,805,727	-	1,448,294	-	325,479	(11,986,302)	22,660	7,615,858
Shares issued from private placement	10,962,500	2,192,500	-	-	-	-	-	-	2,192,500
Share issuance costs	-	(221,158)	-	-	-	-	-	-	(221,158)
Warrants issued from private placement	-	(489,325)	-	489,325	-	-	-	-	-
Agents' options	-	(81,256)	-	81,256	-	-	-	-	-
Shares issued for options exercised	362,500	72,500	-	-	-	-	-	-	72,500
Share-based compensation	-	-	-	220,278	-	-	-	-	220,278
Cumulative translation agreement	-	-	-	-	-	(365,218)	-	-	(365,218)
Warrants exercised	1,983,935	516,995	-	-	-	-	-	-	516,995
Net loss for the period	-	-	-	-	-	-	(23,608,062)	3,767	(23,604,295)
Balance, September 30, 2019	90,650,027	19,795,983	-	2,239,154	-	(39,739)	(35,594,364)	26,427	(13,572,539)

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

GOOD LIFE NETWORKS INC.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Nine Months Ended	
	September 30, 2019	**September 30, 2018**
Operating Activities		
Net income (loss) for the period	$ (23,604,295)	$ (1,684,776)
Items not involving cash		
Amortization	625,133	6,252
Accrued interest	41,400	33,779
Accretion (note 6)	-	1,128
Bad debts	10,929,107	-
Share-based compensation	220,278	1,219,230
Transaction costs	-	1,023,641
Loss (gain) on forgiveness of debts	595,368	(321,711)
Fair value change in derivative liability	-	(234,000)
Write offs (note 14)	6,658,478	-
Unrealized foreign exchange gains/losses	255,977	53,695
	(4,278,554)	97,238
Changes in non-cash working capital		
Restricted cash	-	(57,500)
Receivables	3,763,851	925,549
GST receivable	106,924	(112,522)
Prepaids and rental deposits	20,739	(17,011)
Accounts payable and accrued liabilities	(3,396,045)	(4,655,897)
Other liabilities	-	45,669
Cash Provided by (Used in) Operating Activities	(3,783,085)	(3,774,444)
Investing Activities		
Purchase of software and equipment	-	(117,802)
Purchase of intangibles	(26,900)	(357,735)
Deposits (note 13)	-	(2,618,502)
Cash received on acquisition of Exito	-	67,994
Cash Used in Investing Activities	(26,900)	(3,026,045)
Financing Activities		
Proceeds from share issuance, net of issuance costs	2,585,838	8,090,240
Loan payable	-	30,942
Amounts drawn from credit facility (note 7)	679,056	-
Share issued for debt	-	67,041
Share issued for corporate finance fee	(25,000)	
Cash settlement of convertible notes	-	(108,096)
Repayment of promissory notes and interest	-	(892,867)
Cash Provided by (Used in) Financing Activities	3,239,893	7,187,260
Foreign Exchange Effect on Cash	(250,287)	(37,323)
Inflow (Outflow) of Cash	(820,379)	349,448
Cash, Beginning of Period	781,260	15,468
Cash Deficit, End of Period	$ (39,119)	$ 364,916

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 in the province of British Columbia. 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 the 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. 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 entity after the completion of the transaction (see note 9).

The Company’s goal is a commercially focused digital branding and advertising agency. The principal office of the Company is located at 595 Howe St 10th floor, Vancouver, BC V6C 2T5, Canada.

Subject to corporate and regulatory approval, GLN announced that the Company intends to change its name to Aquarius AI Inc., with a proposed ticker symbol of "AQUA". The Company will continue to trade on the Frankfurt Stock Exchange under the stock symbol "4G5".

These condensed consolidated interim 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. Several conditions raise significant doubt regarding the validity of the going concern basis. Except for the year ended 2017, the Company has a history of losses and negative operating cash flows. As at September 30, 2019, the Company had a working capital deficiency of $13,827,421 (December 31, 2018 - $4,974,690 net working capital) and an accumulated deficit of $35,594,364 (December 31, 2018 - $11,986,302).

The Company is not in compliance with the debt covenants as at September 30, 2019 and no longer expects to generate sufficient working capital to enable us to repay the principal amount of the loan due February 1, 2019. The Company has limited revenue and does not have sufficient cash to meet its administrative overhead, service its obligations or maintain its interests. Currently, based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations beyond approximately twelve-month period. Management’s plan is to actively work with the Company’s Board to secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations. If necessary, the Company will curtail discretionary spending.

The Company’s ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs. Further, the Company’s ability to continue as a going concern is dependent upon the successful results from its activities and its ability to attain profitable operations and generate funds therefrom and/or to raise equity capital or borrowings sufficient to meet current and future obligations, none of which is in any way certain that the Company can achieve. The business of digital branding and advertising involves a high degree of risk and there can be no assurance that management's plans will be successful. The Company has now started the process of repositioning its technology that may provide opportunities for monetization. These unaudited consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

If the going concern basis was not appropriate for these unaudited interim consolidated financial statements, significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the classifications used on the unaudited consolidated statements of financial positions. Such adjustments could be material which would significantly impact the financial statements and the Company's ability to operate.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended December 31, 2018 of GLN (formerly Exito) These condensed consolidated interim financial statements do not include all the disclosures required for the annual audited financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements for GLN (formerly Exito) for the year ended December 31, 2018.

(b) Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on November 26, 2019.

(c) Basis of presentation

These condensed 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 condensed consolidated financial statements are presented in Canadian dollars and the Company's functional currency is US dollars.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

(d) Consolidation

These condensed consolidated financial statements include accounts of the Company and the following controlled entities at September 30, 2019 and December 31, 2018:

	Relationship	Percentage
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%

* The Company acquired 495 Communications, LLC (“495”) and ImpressionX Inc. (“ImpressionX”) on December 17, 2018 (note 6).

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.

(e) Use of estimates and judgments

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

The Company has applied the same significant estimates and judgments in its condensed consolidated interim financial statements as in the audited consolidated financial statements of GLN for the year ended December 31, 2018

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.

2. BASIS OF PRESENTATION (Continued)

(e) Use of estimates and judgments (Continued)

(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.

(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.

2. BASIS OF PRESENTATION (Continued)

(e) Use of estimates and judgments (Continued)

(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 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.

2. BASIS OF PRESENTATION (Continued)

(e) Use of estimates and judgments (Continued)

(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. 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. As of September 30, 2019, the Company has bank overdraw of $39,119. The Company's concentration of credit risk for cash and maximum exposure thereto is $Nil (December 31, 2018 - $781,260).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses. During the three months ended June 30, 2019, management determined that as a result of the industry issues discussed in Note 1, a risk of financial loss from accounts receivable has significantly increased therefore management estimated the credit loss and booked a bad debt provision of $16,379,094. During the three months ended September 30, 2019, there was a bad debt recovery of $395,934. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is $833,928 (December 31, 2018 - $20,580,940). Accounts receivable are shown net of provision of credit losses of $829,8157 (December 31, 2018 - $353,930).

3. FINANCIAL INSTRUMENTS (Continued)

(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 September 30, 2019, the Company has $(39,119) (December 31, 2018 - $781,260) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $2,740,530 (December 31, 2018 - $11,450,396) are due within three to six months. Loan payable of $1,076,410 (December 31, 2018 - $1,035,010), and bank debt of $10,482,192 (December 31, 2018 - $4,301,066) and other liabilities of $434,931 (December 31, 2018 - $434,931) are due within twelve months. Bank debts of $Nil (December 31, 2018 - $5,502,070) and contingent consideration of $Nil (December 31, 2018 - $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.

(Expressed in Canadian Dollars)

3. FINANCIAL INSTRUMENTS (Continued)

As at September 30, 2019 and December 31, 2018, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

		2019		2018
		CAD$		CAD$
Cash		178,658		223,833
Accounts receivable		47,479		292,311
Accounts payable and accrued liabilities		(2,118,705)		(830,137)
Loans payable		(3,126,900)		(1,467,120)
Other liabilities		(434,931)		(434,931)
	CAD$	(5,454,398)	CAD$	(2,216,044)

A 10% (December 31, 2018 - 10%) change in the US dollar against the Canadian dollar at September 30, 2019 would result in a change of approximately $412,000 (December 31, 2018 - $163,000) 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.

4. INTANGIBLE ASSETS

Pursuant to the discussion in Note 1 management reassessed the carrying value of its intangible assets and determined indicators of impairment existed. As a result, management assessed the recoverable value of its intangible assets in accordance with IAS 36, *Impairment of Assets*, in accordance with Level 3 of the fair value hierarchy and concluded the value attributed to Customer Relationships and Trademarks were fully impaired as these assets would no longer generate significant revenues from operations. Accordingly, an impairment charge has been recognized in the condensed consolidated interim statement of comprehensive loss (see also note 16).

During the year ended December 31, 2018, the Company acquired two additional patent applications for consideration of $827,367, as well as customer relationships of $8,583,040 and trademarks of $1,837,307 from business combinations (note 6).

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.

(Expressed in Canadian Dollars)

4. INTANGIBLE ASSETS (Continued)

	Intellectual Property	Customer Relationships	Trademarks	Patents	Total
COST					
Balance, December 31, 2017	$ 66,667	$ -	$ -	$ -	$ 66,667
Acquired from business combination (note 6)	-	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
Additions	-	-	-	26,900	26,900
Write offs (note 16)	-	(8,384,472)	(1,794,802)	-	(10,179,274)
Impact of foreign exchange	(1,582)	(296,757)	(63,524)	(44,151)	(379,114)
Balance, September 30, 2019	$ 82,682	$ -	$ -	$ 813,436	$ 896,118
ACCUMULATED AMORTIZATION					
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
Charge for the period	6,251	429,152	91,865	77,230	604,698
Write offs	-	(461,454)	(98,780)	-	(560,234)
Balance, September 30, 2019	$ 20,835	$ -	$ -	$ 169,160	$ 192,079
CARRYING VALUE					
December 31, 2018	$ 67,596	$ 8,648,927	$1,851,411	$ 738,757	$11,306,691
September 30, 2019	$ 59,764	$ -	$ -	$ 644,276	$704,039

5. LOAN PAYABLE

Concurrent with the closing of the 495 acquisition (note 6), 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. During the nine months ended September 30, 2019, the Company has accrued interest of $41,400.

6. 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 US$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

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.

(Expressed in Canadian Dollars)

6. ACQUISITIONS (Continued)

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
Consideration Paid	$
Cash	4,693,850
Loan payable (note 5)	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.

Pursuant to the discussion in Note 1 management reassessed the carrying value of assets acquired and the potential earn-outs. As a result, management concluded the value attributed to goodwill and intangibles with respect to the acquisition of 495 was impaired and an impairment charge has been recognized in the condensed consolidated interim statements of comprehensive loss (see also notes 4 and 16) in accordance with Level 3 of the fair value hierarchy. In addition, management determined that the probability of reaching the performance benchmarks and paying the potential earn-outs has been reduced to a nominal amount. Accordingly, the Company wrote-off the contingent consideration and deferred income tax liability associated with this acquisition.

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.

(Expressed in Canadian Dollars)

6. ACQUISITIONS (Continued)

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;
(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.

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.

6. ACQUISITIONS (Continued)

Pursuant to the discussion in Note 1 management reassessed the carrying value of assets acquired and the potential earn-outs. As a result, management concluded the value attributed to goodwill and intangibles with respect to the acquisition of ImpressionX was impaired and an impairment charge has been recognized in the condensed consolidated interim statements of comprehensive loss (see also notes 4 and 16) in accordance with Level 3 of the fair value hierarchy. In addition, management determined that the probability of reaching the performance benchmarks and paying the potential earn-outs has been reduced to a nominal amount. Accordingly, the Company also wrote-off the contingent consideration and deferred income tax liability associated with this acquisition.

In connection with the two acquisitions noted above, the Company incurred $1,358,992 in acquisition costs during the year ended December 31, 2018, which was recorded in the consolidated statements of comprehensive income (loss).

7. BANK DEBTS

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

The first credit facility amounted to $5,000,000 with $4,991,781 drawn down by September 30, 2019 (“First Facility”). The first credit facility is due on demand and represents a general operating line 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 to $5,000,000 or USD equivalent, with USD $3,705,124 drawn by September 30, 2019. 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 $1,115,000 or USD equivalent, with USD $791,197 drawn by September 30, 2019. This is a revolving term facility for the purpose of financing the payout of Lerna liabilities (note 12) (“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 September 30, 2019. 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.

(Expressed in Canadian Dollars)

7. BANK DEBT (Continued)

Interest paid during the nine months ended September 30, 2019, and 2018 towards the credit facilities is as follows:

	2019	2018
Interest expense	$ 502,863	$ -

The facilities are secured by a first fixed charge over all present and future Assets 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 EBITDA 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 not in compliance with the above covenants at September 30, 2019. Accordingly, the entire bank debt balance has been classified as current liability. Subsequently, the Company reached agreement with its banker that allow the Company to defer the repayment of these debt facilities and move forward with the previously outline plans to reposition the business, subject to various customary closing condition (Note 16). The Company paid a $45,000 commitment fee in relation to the facilities, which was recorded as a deferred financing cost, in addition to $50,000 in other financing fees.

Repayment	$
Within 12 months	5,946,572
June 30, 2021	1,389,880
June 30, 2022	1,212,224
June 30, 2023	1,212,224
June 30, 2024	606,112
	10,367,012

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

During the nine months ended September 30, 2019

During the nine months ended September 30, 2019, 362,500 options were exercised at a price of $0.20 per option for proceeds of $72,500.

8. SHARE CAPITAL (Continued)

(b) Issued (Continued)

During the nine months ended September 30, 2019, the Company received a request to exercise 183,330 warrants at a price of $0.3461 per warrant for proceeds of $63,450 and 1,800,605 warrants at a price of $0.2519 per warrant for proceeds of $453,545.

On July 15, 2019, the Company completed a private placement for gross proceeds of $2,192,500 through the issuance of 10,962,500 units. Each unit consists of one common share of the Company and one-half of one common share purchase warrant common shares. Each full warrant shall be exercisable into one common share for 24 months at an exercise price of $0.35 per share.

The Company paid $196,158 cash commission and issued 125,000 shares at $0.2 as corporate finance fees and issued 528,375 agents' options to purchase common shares at $0.2 per share until July 15, 2021. The agent's options were valued using the Black-Scholes model resulting in fair value of $81,256 which was recorded as share issuance costs.

During the year ended December 31, 2018

On January 26, 2018, the Company closed the qualifying transaction 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 9) pursuant to RTO.

Concurrent with the 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. 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 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.

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.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(c) Warrants (Continued)

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. The special warrants automatically convert into warrants of a Special Purpose Operating Company ("SPOC") following a 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 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 6). 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, 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
Issued	5,481,250	0.1536
Exercised	(1,983,935)	0.2606
Outstanding, September 30, 2019	12,491,028	$ 0.2943

The following warrants were outstanding at September 30, 2019:

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	2,240,156	2,240,156
July 15, 2019	July 15, 2021	$ 0.3500	5,481,250	5,481,250
			12,491,028	9,576,406

The weighted average contractual life of warrants as at September 30, 2019 is 2.21 years (December 31, 2018 - 2.80 years).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(c) Warrants (Continued)

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 September 30, 2019 and December 31, 2018:

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
Functional currency translation adjustment		(13,176)
Balance, September 30, 2019	$	541,882

(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, 2017	-	$	-
Granted	10,525,064		0.23
Outstanding, December 31, 2018	10,525,064	$	0.23
Exercised	(362,500)		0.20
Expired	(387,500)		0.20
Granted	528,375		0.20
Outstanding, September 30, 2019	10,303,439	$	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 per share until January 26, 2020 (note 9).

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.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(d) Stock Options (Continued)

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%.

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%

On July 15, 2019, the Company granted 528,375 agent’s option in connection with the private placement. All agent's options are exercisable at $0.20 per share until July 15, 2021.The fair value of these options were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.59%
Expected term (in years)	2
Estimated dividend yield	0%
Weighted-average estimated volatility	168.03%

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(d) Stock Options (Continued)

For the nine months ended September 30, 2019, the Company recognized share-based compensation of $220,278 (September 30, 2018 - $1,219,230) relating to the stock options that vested during the period. During year ended December 31, 2018, the Company also deemed granted 750,000 replacement stock options to Exito shareholders. (see note 9). 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 September 30, 2019:

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	5,525,000
December 18, 2018	December 31, 2023	$ 0.15	1,705,000	852,500
July 15, 2019	July 15, 2021	$ 0.20	528,375	528,375
			10,303,439	9,450,939

The weighted average contractual life for the remaining options as at September 30, 2019 is 3.16 years (December 31, 2018 - 3.22 years).

(Expressed in Canadian Dollars)

9. REVERSE TAKE OVER OF EXITO

On January 26, 2018, the Company closed the arrangement with Exito (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 Good Life Network Inc. deemed issued	$	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 share. The fair values of the stock options were determined using the Black-Scholes option pricing model with the following weighted average assumptions: exercise price – $0.20, expected life – 1 year, volatility – 180%, 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

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2019, the Company paid transaction costs in connection to the RTO of $Nil (2018 - $613,438) to directors and companies controlled by directors.

During the nine months ended September 30, 2019, the Company paid share-issuance costs of $Nil (2018 - $172,970) to a company controlled by a director.

At September 30, 2019, included in accounts receivable is $Nil (December 31, 2018 - $137,908) advanced to an officer. The amounts due from related parties are without stated terms of repayment or interest.

These transactions are in the normal course of business and have been valued at the fair value of the services performed or consideration paid.

Key management compensation

The compensation paid or payable to key management personnel during the nine months ended September 30, 2019 and 2018 were as follows:

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Salaries and short-term employee benefits	$ 1,712,464	$ 1,090,441
Share-based compensation	151,931	766,846

11. 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.

12. OTHER LIABILITIES AND CONTINGENCIES

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.

12. OTHER LIABILITIES AND CONTINGENCIES (Continued)

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.

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

On August 30, 2019, the Company has fully settled its outstanding lawsuit with Lernalabs Ltd. and Lerna LLC by agreeing to paying Lerna the sum of US $650,000 in full and final settlement, to be paid by way of a future dated payment plan. The Company has made the first payment of US $100,000 during the period ended June 30, 2019 but missed the second payment of US $175,000 due on September 20, 2019. As a result, an interest penalty of US $100,000 has been accrued. The lawsuit with McMillan LLP remains outstanding.

13. 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 period ended September 30, 2019, the Company wrote off $2,004,502 of this deposit as it was used for development but the Company is unlikely to derive an economic benefit (note 16). During year ended December 31, 2018, the Company expensed $614,000 for research services rendered.

(Expressed in Canadian Dollars)

14. LEASES

The Company entered into a lease agreement for office space for a term of three years commencing February 1, 2017 to January 31, 2020. Accordingly, a lease asset and liability of $107,069 was recorded as of January 1, 2019 based on a discount rate of 5%. The rent expense to be incurred in the next twelve months is $84,783.

		September 30, 2019
Lease liabilities, beginning of period	$	107,069
Interest on lease liabilities		727
Lease payments		(74,852)
Balance, lease liability and right-of-use asset	$	32,944

15. WRITE OFFS

The Company's industry experienced a significant shift in landscape. This shift had a material negative impact on the Company's operations, customers, and business partners. As a result, the Company has written off the following during the nine months ended September 30, 2019:

Intangible assets (note 4)	$	9,860,113
Other payables		(855,134)
Goodwill (note 5)		10,085,597
Deferred income taxes (note 6)		(2,815,494)
Deposits (note 13)		2,004,502
Prepaids		587,395
Contingent consideration (note 5)		(12,208,501)
	$	**6,658,478**

16. SUBSEQUENT EVENTS

1) The Company entered into a non-binding Letter of Intent ("LOI") with Unified Funding LLC ("Unified"), a cannabidiol ("CBD") online retailer, whereby the Company will assist Unified, on a commission basis, in finding customers in the CBD space.

2) In November 2019, the Company reached an agreement with a secured creditor of GLN that will allow the Company to move forward with the previously announced plans to reposition its business, subject to various closing conditions (see Note 7).